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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED FIRST CONGRESS

SECOND SESSION

ON

S. 2884

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 1991 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL YEAR FOR THE ARMED FORCES AND FOR OTHER PURPOSES

PART 5
MANPOWER AND PERSONNEL

MARCH 5, 21; APRIL 4, 18; MAY 15; JUNE 20, 1990

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

MONDAY, MARCH 5, 1990

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MANPOWER PROGRAMS IN THE AMENDED DEFENSE AUTHORIZATION REQUEST, FISCAL YEAR 1991

The subcommittee met, pursuant to notice, at 9:08 a.m., in room SR-253, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Exon, and McCain.

Committee staff members present: Arnold L. Punaro, staff director and Andrew S. Effron, general counsel.

Professional staff members present: David S. Lyles, Michael J. McCord and Frederick F.Y. Pang.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; George K. Johnson, Jr., and George W. Lauffer, professional staff members.

Staff assistants present: Kelli J. Pronovost and Debra A. Rice.

Committee members' assistants present: Andrew W. Johnson, assistant to Senator Exon; Phillip P. Upschulte and Milton D. Beach, assistants to Senator Glenn; Terence M. Lynch, assistant to Senator Shelby; Anthony H. Cordesman, assistant to Senator McCain, and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The hearing will be in order.

The Subcommittee on Manpower and Personnel of the Committee on Armed Services meets today to receive testimony from the Department of Defense witnesses on the manpower portion of the amended Department of Defense budget for fiscal year 1991.

This is the first of a series of hearings that will be occurring between now and May 15. Today we will start with an overview of the manpower authorization request. The second hearing on March 20 will be on force reduction management authorities. The third on April 4 will be on officer procurement programs. On Wednesday, April 18 we go to a total force policy review. On May 2, morale, welfare and recreation, MWR, and on May 15, medical programs.

Those are the hearing dates we have scheduled right now, which can be expanded as other things come to our attention that we should have hearings on. But I wanted to let everyone know what our agenda is at the moment.

Before we hear from our witnesses, I would like to set the stage by briefly outlining what I see coming down the road this year. I think we all agree that the changing climate in Europe is evolving at a much faster pace than any of us had expected. In fact, the President's announcement in his State of the Union Address, that he is proposing an additional 50,000 reduction in U.S. troop strength in Europe on top of the proposed 30,000 CFE 1, recognized that CFE had essentially been overtaken by events.

That is pretty much what has been happening over the last year. Events have outrun our ability to keep up with policy in advance. The Soviet Union has since agreed with the President's proposal subject to negotiations on the details.

Now, there are those who would like to see us take out in this budget not only the 30,000 troops associated with CFE 1, but the additional 50,000 troops associated with the President's latest proposal as well. I do not happen to share that view. I am not one of those people who think we should do that automatically. But I think when the dust settles, it is very likely we may be forced to move somewhat in that direction.

The reality is that the budget committees are currently considering cuts to the fiscal 1991 defense budget request between $5 billion and $15 billion. So, unless there is a dramatic change in world events that would turn this around, I think it is practically inevitable that the force levels in the 1991 amended budget request either cannot be sustained, or it will be very, very difficult to sustain them at that level.

As I said, I do not agree with these cuts. I think they may be premature. I would like to see more negotiations and get the actual hardware on the other side down before we really start unilaterally reducing our forces.

My biggest criticism of some of the people in the Pentagon, up to the highest levels, over the past number of months has been that they toss out reductions in whatever system or personnel without putting them on the negotiating table at Geneva or Vienna. I think we should be getting something for these things, not just unilaterally announcing them. So that, in a nut shell, is the back drop we will have to keep in mind as we consider our military personnel programs.

As far as I am concerned, I am committed to ensuring the combat readiness of our military personnel as we work through these challenging times. Some of the services have criticized me over stressing combat readiness. I do not know what else we are in business for, if it is not combat readiness.

And so when anonymous high Pentagon manpower officials—which I may have some comments about later—real profiles in courage—make comments that rake me over the coals, because I am trying to ensure combat readiness. I wear that one like a badge. I can tell you. Because that is the only reason we have a Pentagon, the only reason we have a military and the only reason we have this committee, is to ensure the security of this country by combat readiness of our military forces.

I think all of us know that we call on our men and women in uniform to put their lives on the line to carry out our national security objectives. In return, I believe we are bound to ensure that we provide them with the training and the equipment to win, and at the least risk to their lives and well being, and to provide for their adequate compensation and quality of life.

Now, I think we have compiled a pretty good record, a pretty good score card in this regard. Last year we supported the 3.6 percent military pay raise requested by the administration. We supported the training loads requested by the services. We protected op tempo funding, such as flying hours. We improved aviator compensation and management. We improved medical special pays, trying to get doctors in—that is an area we have been behind in for a long time.

We improved child care funding. We improved survivor benefit programs. We did not act on a proposal submitted by the Department of Defense in July last year that would make it easier for the military service to toss out officers from the Active forces. We have just received a letter from the Department of Defense that requested we act on the proposal as soon as possible—I have scheduled a hearing on the subject for March 20.

It is a little interesting to note that on one hand Department of Defense is beating down our doors to have us approve a reprogramming, so that strengths will not have to be reduced. On the other hand, beating down the doors to have us approve legislation to throw some people out. So we will see what the rationale is for that at our March 20 hearing.

As we look ahead in these challenging times, I think all of us need to keep in mind the tremendous improvements we have made in the quality of our forces since the late 1970s, and the huge investments that were required to correct the problems of that period. And we must be careful not to slide down that slippery slope again.

So I look forward to hearing from our witnesses this morning. This is the first time some of them will be appearing before the subcommittee. I want to extend a specially warm welcome to them.

Our witnesses today: the Honorable Christopher Jehn, Assistant Secretary of Defense, Force Management and Personnel; Honorable Kim Wincup, Assistant Secretary of the Army for Manpower and Reserve Affairs; Honorable Barbara Spyridon Pope, Assistant Secretary of the Navy for Manpower and Reserve Affairs; the Honorable Jerome Cooper, Assistant Secretary of the Air Force for Manpower, Reserve Affairs, Installations, and Logistics.

Before we proceed to our witnesses, I would like to ask Senator McCain, our ranking minority member of the subcommittee, if he has any opening remarks. Let me just say, Senator McCain is a very valued member of this subcommittee. He works hard at these matters. No one considers them more closely and carefully than he does. And he and I consult quite often on these things.

Usually, this subcommittee works on a bipartisan basis as completely as any committee I have been on in the Congress, because we are both concerned with seeing that people in the service get dealt with fairly, and that they have the equipment and everything to do the job that they are supposed to be doing.

So, it is a pleasure to have Senator McCain to work with. I want to thank him for his help and his leadership in putting together a very effective and cost-conscious manpower authorization bill last year, and we will work closely together this year. Senator McCain.

Senator McCAIN. Thank you very much, Mr. Chairman. And I thank you for your kind words. And I also appreciate your continued focus on combat readiness and your concern for the men and women of the military.

Perhaps this hearing is considering the most draconian measures than we have experienced, as far as the Department of Defense is concerned, since the post World War II era began. Mr. Chairman, the thing that concerns me most is that people seem to be the first who are hurt and that they do not appear to be our first priority here, because of turf problems and uncertainties within the budget.

I do not know if it is appropriate to place blame, but frankly, I still do not understand why the Department of Defense did not protect personnel cuts as part of the Gramm-Rudman sequestration. Maybe our witnesses today will illuminate me on that aspect of this issue.

I do not think it overstates the case we are talking about—the reductions of tens of thousands of military personnel in the least efficient and almost emergency type of situation. I think that the Congress of the United States does not have any personnel problems as you know, Mr. Chairman. We continue to increase the size of our staffs and give ourselves substantial pay raises, as we did last year.

So, certainly, Gramm-Rudman has not impacted the Congress in any significant way. And yet there are men and women throughout the military today uncertain of what is going to happen to their lives in the next few months. Their concerns range from whether they are going to be moved, as they have been promised or whether they are going to even be retained in the military.

I find these events terribly disturbing, and I share your concern that we may return to the days of the late 1970s when morale amongst the men and women in the military was extremely low.

I could go on, Mr. Chairman, about how serious this situation is, but I would be preaching to the choir. I note with interest that Senator Nunn has called for a full committee meeting this Thursday to discuss the reprogramming request.

One of the avenues that I would suggest, Mr. Chairman, perhaps we could sit down with the full committee staff and with DOD people and try to get some compromise shaped, before we find ourselves with one of two unacceptable choices.

I am not one that sounds the alarm that we are in a state of emergency. But as far as personnel are concerned, we are in a serious situation as we have experienced in many, many, many years. I know that is appreciated on both sides of this podium. I think the time has come for us to find some reasonable compromise between doing nothing and full restoration of the total reprogramming request. Frankly, I do not know what that is. I am not sure we are going to arrive at a compromise unless we get everybody hard at work in the next few days.

It is my understanding—the witnesses can probably corroborate this—that every couple of weeks we delay in resolving this issue, the problem increases dramatically in magnitude.

Mr. Chairman, thank you for your continued leadership. Frankly, sir, I think your leadership is more necessary at this moment in time than perhaps since you and I have been working together.

Thank you, Mr. Chairman.

Senator **Glenn**. Thank you very much.

This is going to be a difficult year. I think we all know that. And we are going to be caught between a couple of philosophies about how fast we should scale down and, whether now is the time, or whether we should be waiting until we get comparable cuts in certain areas from the Soviets, so that it is a reality instead of a wish. And that is the background with which we approach this today.

First witness, Mr. Jehn, would you lead off for us. All of your written statements will be included in the record in their entirety without objection. And if you can summarize your statements, that will give us more time for discussion this morning. Mr. Jehn.

STATEMENT OF HON. CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE, FORCE MANAGEMENT AND PERSONNEL

Mr. **Jehn**. Thank you, Mr. Chairman, for the opportunity to appear before the subcommittee to talk about our fiscal year 1991 budget request in the manpower area. And I will do as you have asked and simply highlight from that longer prepared statement the most crucial manpower issue facing the Department, as both of you have suggested, managing manpower reductions as we move to a smaller force structure.

As Secretary Cheney has noted repeatedly, the single most important asset we have are the men and women who wear this Nation's uniform. As we reduce our force structure, it will be our responsibility, both the Department and the Congress, to manage this asset with great prudence in order to maintain its quality—the highest in our history—and its vitality.

As you know by now, active military end strength is being reduced by more than 91,000 over the next 2 years—down to a total of 2,038,800. The preferred course of action to achieve end strength reductions is programmatic adjustments. This way the elimination of workload results in the reduction of manpower requirements.

However, this objective becomes elusive, when we are asked to make immediate budget adjustments and end strength reductions prior to the identification of specific programs for elimination. This is what occurred in the fiscal year 1990 appropriation. We would like to have end strength and force structure change in parallel.

Another perspective on our challenge is gained by considering the circumstances after World War II, Korea, and Vietnam. Then, we were starting from a wartime base with a very large military and a large Army with many conscripts. It was relatively easy to rapidly reduce our force simply by not drafting or letting people go home, who wanted to go home anyway. This is not our situation now.

Today, everyone in the military wants to be there, and many have made career commitments. When we draw down now and reduce the force structure, it is extremely important that we treat our people with the respect and dignity they have earned. We must preserve our professional officer and noncommissioned officer corps, and to the greatest extent possible, meet our commitments to career members.

The draw down we are proposing now is going to put a considerable strain on the system in and by itself. If we are forced into precipitous reductions, beyond those in this budget, we will endanger the quality of our force and the quality of life of service members.

The men and women in uniform today will rapidly conclude that the country does not care enough to make or keep the kind of commitment to them that is required, if we are going to protect the enormously important asset they represent. We must minimize disruption to the greatest extent possible.

The services are implementing personnel management initiatives to deal with these reductions. Policies have been developed with specific attention to equity, early notice, and other factors that will serve to cushion adverse effects. In addition, we have proposed legislation that would modify certain restrictions involving the voluntary and involuntary retirement or discharge of commissioned officers to facilitate the officer reductions in the President's budget.

I solicit your support in obtaining this legislative relief as soon as possible to allow us maximum time to implement the required reductions with minimum impact on the force. We are also considering legislative alternatives that could alleviate the perceived inequity associated with separation pay entitlements, while providing for appropriate use of involuntary separation in support of force management considerations unique to each military department.

A final note concerning military manpower—and you have raised it. While we are here to discuss the fiscal year 1991 budget, I must digress for just a moment and also speak briefly about the fiscal year 1990 military personnel reprogrammings.

Our proposed reprogramming is essential to ensure that the human considerations underscored by the Congress are fully met as we execute this year's program. And that we not unnecessarily complicate the challenge of managing the force and reductions to it in the coming years.

Moving to the Department's civilian work force, we estimate requirements for 1,095,700 civilians in fiscal year 1991. This represents a reduction of 21,100 from the actual fiscal year 1989 level. This is the net result of a series of adjustments, both increases and decreases, in funded workloads and mission requirements throughout the military departments and defense agencies.

I would also like to mention two initiatives that relate to managing the force of the future. They are the Total Force Policy Study and the Conventional Forces Readiness Committee. I chair the Total Force Policy Study Group, and Steve Duncan, the Assistant Secretary of Defense for Reserve Affairs, is the vice-chairman. The group also has representatives from all Active and Reserve components, the OSD and Joint Staffs, and the Reserve Forces Policy Board.

In addition, Mr. Duncan and I have been actively engaged in soliciting input from Members of Congress and their staffs. The Secretary and Deputy Secretary will receive a biweekly status briefing that will ensure we produce results that will satisfy your requirements as well as serve the internal needs of the Department, as we plan for the future. Our executive director is on board, and he and many members of the staff have been at work for several weeks.

I also chair, and Mr. Duncan also vice-chairs, the Conventional Forces Readiness Committee. At our first meeting, Mr. Atwood emphasized that the committee's mission is to see that the readiness of the force is maintained and to focus the attention of the Department's top leadership on readiness.

The committee is an Assistant Secretarial-level committee with representation from all concerned areas of the Secretary's staff plus appropriate representatives from the Joint Staff and the military departments. Among the first tasks of the committee is preparation of the readiness report, which is required by the Fiscal Year 1990 Authorization Act.

To conclude, I would like to say, I appreciate your concern for our service members and their families, as well as our civilian employees, in this period of transition and significant force reductions. I assure you, I have the same concerns and will work closely with you to ensure that we treat our service members and civilian employees with dignity and equity, while we maintain a high quality force at a high state of readiness.

Thank you.

[The prepared statement of Mr. Jehn follows:]

STATEMENT
OF THE
ASSISTANT SECRETARY OF DEFENSE
FOR
FORCE MANAGEMENT AND PERSONNEL

HONORABLE CHRISTOPHER JEHN

Introduction

As many have noted, the current Congressional deliberations come during what appears to be a significant transformation of the global security environment. Our FY 1991 manpower request reflects both the beginning of a restructuring of our defense forces in light of this rapidly changing environment and a commitment to redefine and reorganize our acquisition and logistics work force. It also reflects the Department's continuing emphasis on people as our highest priority. I view the coming year as a transition year, a time when the Department and the Congress need to work together to ensure that changes made are not only responsive to the current environment but also prudent and that this year's actions prepare us well for what may be even greater change in future years.

As we make the transition to a reduced force structure, we must continue to strive for the most cost-effective mix of personnel--active, reserve, and civilian--that can accomplish the national strategy. In other words, we must optimally structure our Total Force. We must also successfully man the Total Force by continuing to recruit and retain high-quality military and civilian professionals--preserving their well-being, training, quality of life, and career satisfaction. This statement will, after an explanation of our current manpower request, focus on our plans to achieve these two goals and on the help we need from you to do so.

Manpower Request

The following table shows the President's budget request for active military, Selected Reserve, and civilian manpower for FY 1991, current FY 1990 numbers, and actual numbers from FY 1989.

		FYs 1990 - 1991 MANPOWER			
	FY 89 (Act)	FY 90	Change from 89	FY 91	Change from 90
		(End Strengths in Thousands)			
Act Mil	2130.2	2076.4	-53.8	2038.8	-37.6
Army	769.7	744.2	-25.5	727.5	-16.7
Navy	592.7	590.5	-2.2	584.8	-5.7
Marine Corps	197.0	196.7	-0.3	196.5	-0.2
Air Force	570.9	545.0	-25.9	530.0	-15.0
Sel Res	1170.6	1155.0	-15.6	1151.6	-3.4
ARNG	457.0	447.3	-9.7	447.3	0.0
Army Reserve	319.2	309.2	-10.0	309.2	0.0
Naval Reserve	151.5	153.4	+1.9	149.7	-3.7
MC Reserve	43.6	44.0	+.4	43.9	-0.1
ANG	116.1	116.2	+.1	116.3	+.1
Air Force Res	83.2	84.9	+1.7	85.2	+.3
Civilians	1116.8	1100.7	-16.1	1095.7	-5.0
Direct Hire	1037.0	1017.7	-19.3	1013.4	-4.3
Indirect Hire	79.8	83.0	+3.2	82.4	-0.6
Army	402.9	392.0	-10.9	391.9	-0.1
Direct Hire	347.1	334.4	-12.7	334.2	-0.2
Indirect Hire	55.8	57.6	+1.8	57.8	+0.2
Navy	354.0	347.8	-6.2	341.0	-6.8
Direct Hire	343.5	337.2	-6.3	330.5	-6.7
Indirect Hire	10.5	10.6	+.1	10.5	-0.1
Air Force	260.6	261.9	+1.3	258.7	-3.2
Direct Hire	248.7	248.6	-0.1	246.3	-2.3
Indirect Hire	11.9	13.2	+1.3	12.5	-0.7
Def Agencies	99.3	99.1	-0.2	104.1	+5.0
Direct Hire	97.8	97.5	-0.3	102.5	+5.0
Indirect Hire	1.6	1.6	0.0	1.6	0.0

Active Duty Military Manpower

For active duty military, the revised FY 1990 total end strength is reduced 53,800 from the FY 1989 end strength levels. The Army reduction of 25,500 from the FY 1989 position takes out combat (divisional) organizations and associated support structure, reduces INF forces in Europe, and reduces accessions and students to match the lower end strength. The Navy reduction of 2,200 incorporates the decommissioning of the USS Coral Sea, 9 submarines, and 11 destroyers; and the transfer of six frigates to the Naval Reserve

Force. The Marine Corps reduction (-300) involves the deactivation of 10 batteries of General Support artillery. The Air Force reduction of 25,900 in FY 1990 occurs as a result of reducing about 25 combat and training aircraft and their associated staffing and support, reducing B-1 flying hours, and delaying the over-the-horizon radar program. The non-programmatic portion of the Services' manpower reductions directly translates to temporary imbalances between manning and programmed structure. For the Army and Air Force, CONUS units will be affected primarily, with manning levels about 5 percent below 1989 levels. In the Navy, the imbalance will impact shore manning, which is tied directly to sea/shore rotation. The reduction in the Marine Corps will be accommodated through normal attrition.

For FY 1991, the total active military end strength is reduced by another 37,600 spaces from the revised FY 1990 level. The Army reduction (-16,700) reflects the extension of FY 1990 Congressional actions, the deactivation of another division and its associated support structure, base closure actions, and management efficiencies. The Navy reduction (-5,700) reflects the retirement of two battleships, five submarines, and ten destroyers; extension of FY 1990 Congressional actions; and the transfer of six more frigates to the Naval Reserve Force. The Marine Corps reduction (-200) continues the deactivation of General Support artillery. The Air Force reduction (-15,000) is tied to the removal of the GLCM weapon system in Europe, base closure actions, deactivation of 275 additional aircraft, and management efficiencies.

In January, the Department provided a comprehensive report to the Chairmen of the Committees on Armed Services detailing our plans for implementing the personnel reductions brought about by a reduced budget. Rapid adjustments in resources affect not only institutional plans, but--inevitably--the individual plans and expectations of the people affected. Adverse effects are minimized through early notification, fair and equitable implementation, and extensive employment of voluntary separation programs. The report details our plans but emphasizes that the months ahead will frequently find units with manning levels below those of last year. We could align manning more quickly by moving people rapidly to fill emerging vacancies; however, short notice moves hurt Service members and their families. Thus, we will accept some temporary imbalances in order to make the transition more gradual. We are committed to making sure that, at the end of the transition period, a satisfactory balance exists between the grades and skills of those serving and the grades and skills required to man effectively the resulting force structure.

To ensure this result, we will need changes in the law. Two areas of immediate concern are statutory restrictions that inhibit effective reductions in the size of the military officer workforce and the appropriateness of current separation pay statutes.

Since officer management is guided more by law than enlisted force management, we will need legislation to modify restrictions involving the voluntary and involuntary retirement or discharge of commissioned officers. The Department submitted proposed legislation in July 1989. Enactment of this legislation is required immediately to allow sufficient time for personnel managers to develop and announce the FY 1991 reduction programs. Time permitting, such legislation would also be used in FY 1990 to decrease the involuntary measures required.

An additional area of Departmental concern is the adequacy of current separation pay statutes. We are considering legislative alternatives that could alleviate the problems associated with separation pay entitlements, while providing for appropriate use of involuntary separations in support of force management considerations unique to each Military Department.

To improve the transition of Service members back to the work force, the Transition Assistance Program (TAP), a pilot program conducted in cooperation with the Department of Labor (DoL), will get underway in late spring at selected installations in ten states.

A series of 3-day workshops will provide vocational guidance for separating and retiring military personnel. Experienced trainers wil help participants assess their skills, write resumes, and conduct job searches. DoL will conduct the pilot through FY 1991. In addition, cooperative agreements have been developed between specific installations and colleges to offer teacher education programs to achieve state certification. This program will be available through installation Education Centers.

Selected Reserve Manpower

Selected Reserve manpower is also reduced in FYs 1990 and 1991. The most significant changes from FY 1989 to FY 1990 are a reduction of approximately 10,000 in the Army Reserve, based on fiscal constraints, and a net decrease of approximately 9,700 that will enable the Army National Guard to afford a higher level of Active Guard full-time strengths.

The only significant change from FY 1990 to FY 1991 is a decrease of 3,700 in the Navy Reserve that relates to a reduction in some augmentation units associated with the closing of Naval Air Station, South Weymouth, Mass., and Naval Air Facility, Detroit, Michigan.

Civilian Manpower

The Department's civilian work force estimates for the current and coming fiscal years reflect requirements for 1,100,700 direct and indirect hire civilians in FY 1990 and 1,095,700 civilians in FY 1991. The current FY 1990 civilian work force estimate represents a reduction of 16,100 spaces from the actual FY 1989 level of 1,116,800, and the FY 1991 estimate projects an additional 5,000 space reduction. These reductions are the net result of a series of adjustments (both increases and decreases) in funded workloads and mission requirements throughout the Military Services and Defense Agencies. These revised work force levels for FY 1990 and FY 1991 also reflect reductions from the Department's previous estimates for those fiscal years.

The Army anticipates civilian reductions in tactical and logistics support, supply operations, base operations, and administrative and personnel support. These Army reductions will be somewhat offset by civilian manpower increases for civilian substitution actions and community and child development efforts. The Navy and Marine Corps civilian workforces reflect anticipated reductions associated with successful Commercial Activities (A-76) studies, drops in shipyard workloads, and reductions in aircraft and ordnance workloads. These Navy reductions will be slightly offset by increases for converted contracted advisory services and homeporting and medical support efforts. The Air Force anticipates a small net civilian increase in FY 1990 and a subsequent drop in FY 1991. These adjustments are associated with reductions in Ground Launched Cruise Missile workloads, command restructuring, Commercial Activity efforts, military to civilian conversions, headquarters adjustments, and base closure actions. There is a small increase to overall Defense Agency civilian manpower as the result of workload and mission transfers from the Military Departments and management initiatives.

On January 11, the Secretary of Defense established a hiring freeze for the entire DoD civilian workforce. This freeze includes all direct hire U.S. and foreign nationals and all indirect hire foreign nationals. Originally, DoD civilians paid by both appropriated and nonappropriated funds were included in the restrictions; however, the freeze has now been lifted for those in foreign military sales and security assistance offices and for those paid by nonappropriated funds. A number of other kinds of staffing situations in the appropriated fund work force also have been released including: vacancies in Berlin and vacancies that can be used to place DoD employees who are separated or scheduled to be separated as a result of force reductions or installation closures; recruitment programs keyed to teacher intake and to intake from colleges and universities, including interns and summer hires; child care positions; selected positions filled by military spouses overseas;

selected medical staff and medical support positions in the Military Departments; placements into commissary stores; and, selected positions in direct support of operational emergencies in the Military Sealift Command. By freezing civilian hiring and granting only necessary exemptions, the Department anticipates a gradual reduction in civilian employment levels that will be the result of the retirements and voluntary resignations that are the attrition process of the DoD civilian workforce.

Defense Management Report/Effects on Manpower Request

The Secretary of Defense released his Defense Management Report (DMR) in July 1989. This report contains specific recommendations and proposals that will be used to improve the basic management of the Defense Department, with special emphasis on improving acquisition procedures. The DMR recommended substantive changes in the way supplies and equipment are planned, ordered, shipped, stored, and distributed. Many of the DMR proposals involve consolidation and simplification of acquisition procedures, with attendant savings in associated manpower. Along with the DMR changes, the Department has implemented a study of unit cost that will change the basic way that the Department assigns costs and budgets for its operations. This will make every DoD manager more aware of the financial impact of his decisions. The Secretary issued an interim report in January on the progress the Department had achieved in implementing the DMR recommendations. This interim report identified anticipated DMR-related savings of approximately 18,000 civilian spaces and approximately 24,000 military spaces over the next five fiscal years (FY 1991-FY 1995). These anticipated savings include massive changes in acquisition and logistics functions, reductions in overall Service and Departmental administration, and a large substitution of civilian manpower for military manpower.

The following table shows the anticipated military and civilian manpower adjustments associated with implementation of DMR recommendations:

Functions	FY 1991 - FY 1995 Adjustments Military	 Civilian
Logistics/Acquisition	- 2,000	- 24,000
Administration	- 2,000	- 13,000
Civilian Substitution	- 20,000	+ 20,000
Finance/Procurement/ Contract Management	---	- 1,000
Total Anticipated Adjustments	- 24,000	- 18,000

Structuring the Total Force

The first goal I mentioned in the introduction to this statement, optimally structuring our Total Force, has become increasingly important with budget reductions. It entails decisions on force mix, manpower requirements, and productivity enhancements.

Force Mix

While the total force of the U.S. includes military retirees, host-nation support, and contracted services--resources we may call upon in various contingencies--its three main components are active and reserve military and DoD civilians.

The Department has devoted a great deal of effort to improving its process for determining the optimal mix of these three components, our goal being to use the most cost-effective mix of personnel while insuring that we can carry out our missions effectively. This is a complicated task requiring consideration of many factors, because intuitive decisions on force mix are often incorrect.

We use military personnel only for positions that require military incumbents for reasons of law, training, security, discipline, rotation, or combat readiness and that we use civil servants for civilian activities that are governmental or essential to mobilization. Comparative costs then determine whether the remaining civilian jobs are assigned to in-house or contractor personnel. We also rely upon and actively promote host-nation support. Where military personnel are required, many factors are considered in determining whether missions should be assigned to reserve or active military components: force structure planning levels; Allied active force capabilities; number, type, location, and interaction among contingencies; contingency threshold (conditions) for Reserve mobilization; criticality of mission areas; readiness requirements; deployment schedules; peacetime workload and rotation base requirements; cost; and Total Force capability and risk consistent with Defense Planning Guidance criteria.

As the size of the active and civilian forces decline, we must be prepared for all possible contingencies that could require operational integration of our Reserve Components and augmentation by our military retirees or additional civilian personnel and must continue to improve our capability to mobilize necessary national resources. To this end, we must support substantial Reserve forces, including the necessary logistics, infrastructure, and planning.

In response to Congressional direction, the Secretary of Defense has convened a study group to review and make recommendations to him on the operation, effectiveness, and soundness of the Department's Total Force Policy and assignment of missions, and on the appropriate force structure of the Active and Reserve Components. I am the Chairman of this group, and the Assistant Secretary of Defense for Reserve Affairs is the Vice-Chairman. We anticipate that this study will build on our previous work on these issues and improve the Department's decision methodology on force mix, enabling us to develop a more analytically supported system for recommending both the size and character of any future force cuts. I hope we can keep our minds open to creative new options for the Total Force and will press our Total Force Policy study in that direction.

Manpower Requirements Determination

In addition to working on our oversight of force mix, we have also increasingly improved our oversight of the manpower requirements determination process. Recent accomplishments in this area include revalidation of 25 percent of general/flag officer requirements and the consolidation of several sources of information on DoD's health care system into a single data base. This data base, developed in response to Congressional request, covers manpower requirements, authorizations, and inventories. It also includes information on the size and location of beneficiary populations and numbers of claims under the CHAMPUS program.

We have also continued to expand our requirements oversight capability in the Manpower, Personnel, Training, and Safety (MPTS) areas of the acquisition process, and the results have been most promising. The MPTS initiative has been recognized by the DMR as a valuable contributor to the Defense system development process. The Federal Republic of Germany and Great Britain have recently adopted the MPTS philosophy, and the NATO Defense Research Group has charted a joint study group to review ongoing MPTS research in the various member nations and make recommendations on areas of possible joint exploration.

To improve our mobilization capability, we are continuing to assess the accuracy of our wartime manpower requirements estimates. In particular, we are concentrating on the Services' casualty estimates, which drive the wartime replacement demand, training base requirements, and the need for draftees.

One factor that has the potential for impeding our ability to translate our analysis of manpower requirements into action is the imposition of various manpower ceilings on the Department. Two troop ceilings--one for NATO Europe and one for Northeast Asia--now exist. The Department has opposed the imposition of these ceilings since their inception on the basis that force structure should be deployed to meet the threat, not to meet an arbitrary ceiling. From our perspective, an arbitrary ceiling is contrary to effective planning and programming, because it allows little or no latitude in responding to changes in the threat or maximizing the effectiveness of existing forces. In addition, these ceilings give our allies cause to question our commitment, especially when we are trying to convince them to increase their spending levels. The Department has also consistently opposed the imposition of statutory ceilings on the civilian workforce, unless these ceilings are directly related to funded workloads and mission requirements. The Defense Department has managed its civilian workforce without ceilings since FY 1985, with a great level of success.

Quality and Productivity Initiatives

The Defense Department initiatives to refine its analysis of manpower requirements reflect a commitment to provide the most effective, responsive defense capability for our nation at the lowest possible cost. We are committed to reducing costs and improving performance at all levels of the Department. This can be seen in the recommendations of the DMR and in the Department's efforts to develop unit cost measures to judge the performance of ongoing efforts. One of the Defense Department's major success stories in this area has been our quality and productivity improvement efforts.

In this year's budget, the Department has budgeted for an increase of $69 million in the annual DoD Productivity Investment Fund (PIF). This budgeted increase brings the Department's FY 1991 PIF budget to a new total of $204 million. These special funds are used to finance the purchase of labor saving capital equipment that will produce auditable, verifiable savings at levels far exceeding the original investments. This is an initiative which has worked for the Department in the past, and I request your assistance in assuring the authorization and appropriation of this additional funding. This is an opportunity to invest relatively small amounts to ensure a large return on investment.

The Department continues to improve the productivity of our civilian workforce with performance incentives programs such as Gain Sharing. In this program, groups of employees are allowed to share in the savings achieved when they exceed a specific level of performance. Such initiatives have produced savings for the employing organization and additional benefits for the workforce.

The Defense Department's productivity improvement program is vital to the successful implementation of the DMR recommendations and unit cost measurement efforts. We request your continued support for these efforts to manage the Defense Department in an intelligent, responsible manner. We also request your continued support for removing disincentives for improvement, to include continuing the general provision that precludes the establishment of supervisory grade level based on the number of people supervised. Proactive Congressional support has spurred the Department and the Office of Personnel Management to work together to incorporate the intent of this provision into government-wide classification standards that will ensure that innovative and productive supervisors are not punished, in effect, for achieving objectives with fewer personnel.

Manning the Force/Military and Civilian Personnel

In addition to optimally structuring our Total Force, we must successfully man it by preserving the quality of its personnel. As the Secretary has stated, " . . . we must preserve the high quality of our forces, even if that means major reductions in our manpower and active force structure." The next section of my statement discusses our approach to recruiting, training, using, and retaining a quality force in the context of upcoming force structure adjustments.

Recruiting Military Personnel

Recruit Quality

For the last several years, the Military Services have successfully recruited the high-quality people demanded by the increasing complexity of modern national security strategies and the high-technology weaponry and support systems deployed to execute them. Historically, we have used two measures of recruit quality: educational level and scores on the Armed Forces Qualification Test (AFQT).

Since FY 1982, recruits have been of higher quality than the average eligible youth population. In FY 1989, for example, 92 percent of all recruits were high school graduates (versus 75 percent of the youth population), and 94 percent scored average or above on the enlistment test (versus 69 percent of the youth population). Since 1986, we have managed to sustain high levels of recruit quality despite significant reductions in the real dollar value of recruiting resources.

Over the past several years, improvements in recruiting management have resulted in an increase in the average number of years of service per accession. This has reduced the number of accessions required to support a specified strength level. Further, lower accession levels resulted from a decision to end FY 1989 below the originally authorized strength in anticipation of FY 1990 force structure reductions. Yet, these factors failed to offset a slight drop in recruit quality produced by a smaller pool of quality applicants and the strongest youth employment levels in 15 years. Nevertheless, the Military Services met their objectives for quality recruits. Table 2 shows the percent of new recruits in FYs 1988 and 1989 who were high school diploma graduates (HSDGs) and who scored average or above on the enlistment test (AFQT Categories I-III).

Table 2
RECRUIT QUALITY
(%)

	FY 1988		FY 1989	
Service	HSDGs	AFQT I-III	HSDGs	AFQT I-III
Army	93	96	90	93
Navy	91	91	90	89
Marine Corps	95	99	95	99+
Air Force	99	99+	99	99+
DoD Total	93	95	92	94

Accession Levels

Service accession goals have been cut to match force structure changes. Table 3 illustrates the change between planned levels reflected in last year's biennial budget submission and current plans.

Table 3
ENLISTED ACCESSION PLANS
(Thousands)

		FY 1990		FY 1991	
Service	FY 1989	Budget	Current	Budget	Revision
Army	118.1	123.6	98.2	115.7	96.1
Navy	89.5	93.7	89.2	91.2	87.7
Marine Corps	32.3	32.4	33.1	32.1	34.3
Air Force	43.5	61.0	36.4	54.2	36.4
DoD Total	283.4	310.7	256.9	293.2	254.5

Recruiters: Key to Recruiting Success

Drops in recruiting goals associated with force reductions have somewhat eased the pressure Service recruiters face. However, attracting quality applicants from a declining youth population that enjoys lucrative employment and scholarship opportunities will remain a challenge. While we must maintain a competitive edge through sound advertising, incentives, and recruitment programs, we must not overlook the central role individual recruiters play in achieving recruiting success. Frankly, we have overworked our recruiting force in recent years, and supervisory pressures have contributed to a small but significant number of applicants who have been treated improperly by Service recruiters. To address these concerns, the Services have completed a comprehensive review of their recruiting programs. A number of initiatives have resulted.

To provide a common frame of reference, the Defense Manpower Data Center (DMDC) surveyed a representative sample of all Service recruiters. The results are enlightening. By every measure, Service recruiters are selected from the best a very talented force of noncommissioned officers (NCOs) has to offer. Twice as many recruiters have progressed beyond the high school level, compared with all NCOs in DoD. More recruiters are married, and tend to be more successful than their single peers.

Because volunteers for recruiting duty tend to be more successful than non-volunteers detailed to recruiting, we would like to increase their numbers. To do so, we will have to make recruiting duty more attractive. More than half of our recruiters report working in excess of 60 hours per week, and successful recruiters normally take less than 7 of the 30 days leave they accrue each year. While Special Duty Assignment Pay compensates in part for the irregular hours and unusual demands inherent in recruiting assignments, clearly we must achieve a better balance. Our survey showed that, although recruiters are more satisfied with military service than NCOs in general, most are not satisfied with recruiting duty. Stress is an ever-present companion, but recruiters differ in their response to it. Excessive living costs and availability of adequate medical care are prime concerns. Recruiters think supervisory pressure to make goal combined with fear of unfavorable evaluations are a primary cause of improprieties, although few believe they occur frequently. Some recruiters believe that they need better support from and teamwork with their supervisors. Not surprisingly, most recruiters identify job and family stress as their top concern. What is surprising, however, is that most production recruiters with more than a year on the job believe they were unsuccessful last year, even though Service recruiting commands performed well.

The leadership challenge is clear, and the Department is committed to doing its part to support Service recruiters and maintain the enthusiasm critical to their success. Most of the actions we need to take involve strengthening leadership at all levels of command, and we will discuss new initiatives in greater detail in subsequent hearings. Now that Service reviews have been concluded, I will take a strong role in shaping resolution of those issues that our survey indicates cross Service boundaries. Our goals are to assure individual recruiters that their careers can only prosper from an assignment to recruiting duty--provided they meet reasonable performance criteria--and to make sure this is true.

While some might assume that reduced accession levels mean that recruiting resources also can be cut back, that is simply not the case. The continuing growth in the gap between pay increases in the private sector and pay increases for junior personnel, as well as the effects of inflation on the value of recruiting incentives, mean that the cost per quality accession will continue to increase. Any reduction in recruiting resources may increase, rather than diminish, the strain on our recruiting force.

Advertising

Research shows that a combination of Service-specific and Joint-Service advertising, enlistment bonuses, and effective recruiters supported by an effective mix of advertising media to reach the target audience is needed for recruiting success. Each available medium possesses unique strengths and weaknesses. Television reaches the largest audience but is expensive. Magazines are narrowly focused but less costly. Newspapers offer great flexibility but fail to reach a large proportion of the 18- to 24-year-old target market. We continuously examine and refine our media mix, and we are placing special emphasis on evaluating the effect an increase in print (including newspaper) advertising would have on generating leads for our recruiting force quickly.

Montgomery GI Bill (MGIB)

The MGIB, which provides post-high school educational benefits, has now been in place for over 4 years, and participation rates have steadily increased since the program's inception. While many factors influence recruiting success, it is clear that the Montgomery GI Bill is popular and, when combined with Army and Navy College Fund supplemental educational benefits ("kickers"), has been effective in increasing recruit quality. It has also helped to increase the length of enlistment contracts for the Reserve components.

Two-Year Army College Fund Option for Non-Combat Skills

A RAND Corporation evaluation has suggested that a two-year active duty option for non-combat skills might be cost-effective if sufficient numbers of these accessions participated in Selected Reserve units in their military occupational specialties after completion of active duty. At our request, the Congress approved a 15-month test of this new enlistment option that started on July 3, 1989. Preliminary results suggest that the new option is tapping a high-quality market segment that otherwise would not enlist in the Army. Based on these preliminary data, we are considering requesting authority that would allow the Secretary of Defense to extend the test until its effects on both Active and Reserve manpower programs are known.

Alternatives to a Volunteer Force

Despite 16 years of success with the volunteer force, proposals for national service programs abound. Most are based on beliefs that other programs would be cheaper, improve social representation of the force, produce a higher quality force, help meet military manpower requirements, or develop a sense of community obligation among youth.

The President has advocated community service throughout the country. Through his "Points of Light Initiative," he has challenged all individuals and institutions in America to make service central to their life and work.

The Administration opposes S. 1430, as reported by the Senate Labor and Human Resources Committee, because it is fundamentally incompatible with the President's concept of voluntary service.

On July 11, 1989, the Department sent a report to the Senate Armed Service Committee opposing S. 3, because it would reduce operational readiness, complicate mobilization, and increase Federal expenditures significantly.

Training Military Personnel

Training of military personnel and operational crews and units improved markedly during the 1980s. It is a priority goal of the Department to maintain the resulting readiness through high-quality training as we enter the 1990s.

The current favorable status of collective training has three bases: good people, who absorb and retain the benefits of training; challenging, technologically advanced training facilities, which raise the value of time spent in training; and adequate operating tempo (OPTEMPO)--flying hours, steaming days, and ground vehicle miles. Despite the many competing demands for scarce resources, the FY 1991 President's budget continues to give training a high priority. Requested OPTEMPOs are at approximately the same levels as those executed in FY 1989. Air Force tactical aircrews will continue to fly an average of 19.5 hours per month, and Navy and Marine Corps tactical air/antisubmarine aircrews will continue to average 25 hours per month. Army ground OPTEMPO will be at 800 tank miles in FY 1991, slightly below the FY 1989 level but equal to or higher than in FYs 1987 and 1988. Ship steaming days will remain at the standard 29 days per quarter for the non-deployed fleets and 50.5 days for the deployed fleets.

The advent of a smaller force will not lessen the need for readiness or the requirement for quality training to sustain it. In fact, a smaller force must be more ready and also more versatile in terms of the number of missions it must be prepared to undertake.

Experience and our research into the OPTEMPO-performance relationship demonstrate the necessity for a steady, adequate, long-term program of training to maintain crew and unit proficiency. It is not feasible to relax training and still expect our forces to recover to acceptable performance levels in an emergency. Furthermore, challenging, realistic training programs are key elements in retaining good people and sustaining unit morale. Consequently, while some savings in overall OPTEMPO expenditures may be realized as units are deactivated, the remaining force must be supported at the OPTEMPO levels that have proved effective over the past decade. To sustain readiness in these uncertain times, it is essential that the Congress continue to provide the funding required for effective training, including the minimum OPTEMPO levels we have requested.

To improve our mobilization capability we are increasing reciprocal unit training exchanges with our Allies. We have also created a Joint Task Group to develop solutions to problems with the Services' training policies that impact on manpower availability during the early stages of mobilization.

Using Military Personnel/Topics of Special Interest

Women in the Military

Our Armed Forces, both active and reserve, total over three million dedicated professionals who have volunteered to protect and defend the Nation. Over 11 percent of these members are women. Women fill critical requirements in the Armed Forces equally with men, and will do so in peacetime or in times of conflict.

In the past two decades, and especially within recent years, the number of women in our Armed Forces has increased substantially, and their roles have expanded. It remains the policy of the Department of Defense to provide women full and equal opportunity with men to pursue appropriate careers in the military Services. Women will continue to be eligible to serve in all units and positions except those in which assignment of women is prohibited by the combat exclusion laws (10 U.S.C. §§ 6015 & 8549), applicable to the Departments of the Navy and the Air Force, and the corresponding policy applicable to the Department of the Army. No artificial barriers to career opportunity for women will be established or tolerated. Additionally, the Department has implemented recommendations from the 1988 DoD Task Force on Women in the Military concerning the elimination of sexual harassment and discrimination through aggressive leadership initiatives, improved education and training, and responsive complaint systems. We conducted a survey on sex roles in the active duty military and will use the findings to guide our continuing efforts to prevent harassment or discrimination.

Military Equal Opportunity

The Department continues to be a leader in the area of equal opportunity for minorities and women, and our emphasis will remain on accomplishing the Services' equal opportunity objectives. As manpower reductions take effect, equal opportunity and unit cohesiveness will take on even greater significance in maintaining maximum military efficiency.

Joint Officer Management

Title IV of the DoD Reorganization Act of 1986 imposed stringent requirements on the Department concerning management of officers in joint organizations. The subsequent passage of several important amendments to the Act helped us through the transition years and we now have a joint officer management program that is complying with congressional intent. Our actions implementing the provisions of the Act relating to joint officer management have included publication of seven policy memorandums, the pending issuance of a DoD directive, publication of a second revision of the Joint Duty Assignment List, implementation of the joint duty assignment management information system, and extensive work on the joint education system.

We continue to make significant progress in improving the education, training, and experience of joint officers. The results clearly demonstrate that the Services have attained the primary goals of the Act: stability and quality in joint organizations. The operational success of Operation Just Cause is a clear indication that our joint officer management program is paying real benefits. Both this year's Annual Report of the Secretary of Defense to Congress and recent GAO reports recognize the Department's accomplishments. It is too early to make year-to-year comparisons; however, there are several examples that validate our progress and indicate the start of a very positive trend. Stability in joint organizations has been accomplished. All the Services exceeded the average tour length requirement for general/flag and field grade officers; the DoD averages exceeded the legal requirement by 10 percent, 27 and 40 months respectively. Also, the number of joint duty tour length waivers was very small--less than 5 percent of all joint duty assignments--further attesting to the stability of officers assigned to joint organizations. The quality of officers in joint organizations is the best ever, according to our CINCs. Promotion comparisons for joint specialty officers and officers assigned to the Joint Staff are very favorable when compared to the Service headquarters selection rates--another positive quality indicator.

It has been three years since passage of the Goldwater-Nichols Act, and we felt it was time to review the Department's implementation of the Act and develop a plan for the future. Therefore, we have formed a study group to review how our policies and procedures have encompassed the requirements and intent of the joint officer management provisions. The group's findings and recommendations will be addressed separately and could include proposed changes in both policy and legislation to further assist us in meeting your intentions for joint officer management.

Retention of Military Personnel

During most of the current decade, retention patterns have been healthy, and the Department has continued to be successful in retaining a high quality officer and enlisted force. However, current and projected manpower cuts; projected shortages of pilots, nuclear officers, and medical personnel; and continued shortages in certain mission-critical enlisted specialties will require intensive management to meet future retention goals. The Services are preparing plans to meet the manpower reductions required by the reduced budget. It is not clear yet what the scope of those reductions at the skill level or their direct impact on retention will be.

Overall enlisted retention rates remain satisfactory and by the end of FY 1989 reached the peak levels of FYs 1982-1984. The combination of compensation and other benefits, popularity of the military, and improvements in quality of life programs have generated generally good retention patterns.

Losses of Service members in arduous fields and among technical specialties easily transferable to the private sector remain a concern and call for judicious application of scarce bonus resources. Sustaining compensation and quality of life incentives will be essential. Our plans for doing so are detailed below.

Military Compensation

Competitive compensation is the central ingredient in the Department's ability to attract and retain the people we need. We appreciate this subcommittee's efforts in the compensation area for FY 1990 and seek your continued support. The challenge for us in FY 1991 and beyond is to maintain our competitive position in tight budget and employment environments.

Military Pay Raise. In FY 1990, military personnel received a 3.6 percent pay raise. This increase was less than the 4.4 percent rise reported in the Employment Cost Index (ECI). Since 1983, the military pay raise has been greater than the increase in the ECI in only one year, 1989. As a consequence, the position of the military in comparison to the private sector workforce has deteriorated.

The impact of a continued and growing pay gap could be felt in many areas--including recruitment, retention, productivity, and morale. To some extent, improvements we have made in certain quality of life components have moderated the negative consequences of the pay gap, so that we are not observing the precipitous declines in retention rates that occurred in 1979-1981.

Bonuses. The enlistment and selective reenlistment bonus programs are two of the most effective tools in meeting recruiting and retention requirements. We are facing significant manpower cuts over the next few years as we pare down the size of the force. These incentive programs will become increasingly important in helping us to align the inventory with the emerging structure.

Enlistment bonuses have proven highly effective incentives for attracting top-quality enlistees to the highly-skilled, mission-critical and arduous-duty specialties in which they are needed. As the force is downsized and the need to recruit quality becomes more pronounced, competition for a declining youth population and strong employment trends will provide a continuing challenge. Maintaining adequate levels of funding for enlistment bonuses will be critical to sustaining a quality force.

Selective reenlistment bonuses are paid to members who reenlist or extend for at least three years in designated critical skills.

These bonuses enable the Services to protect their extensive training investments in highly technical skills and to avoid the substantial accession, training, and readiness costs associated with replacement of seasoned professionals with new recruits. As annual pay raises continue to lag behind private sector pay increases, the reenlistment bonus program becomes especially important.

Our enlistment and reenlistment incentive programs become increasingly important as we proceed with manpower reductions. As our January report to the Committees on Armed Services underscored, the detailed force structure of the future is now emerging at the occupational level of detail; we must be prepared to adjust staffing in certain skills, and these bonus programs provide that capability. Bonus programs are slightly increased over the next two fiscal years in recognition of this need. Together, they will continue to comprise about the same proportion of the Military Personnel budget.

Monetary incentives will be particularly important in retaining aviators. During the next decade, hiring levels are expected to be nearly three times what they were in the 1970s. The strong inverse relationship between airline hiring and retention and the increasing hiring tempo within the industry signal a growing problem in aviator retention. The problem will be especially pronounced in the Air Force and the Navy because of their substantial numbers of fixed wing pilots completing initial obligations each year.

It is difficult to offset unanticipated pilot shortfalls with more training because training is both expensive (jet pilots take about two years to train at well over $1 million each) and constrained by available training equipment. This makes retaining our aviators even more important. We project that the Navy and the Air Force each will be short about one thousand pilots by the end of this fiscal year. The recently enacted increase in aviator career incentive pay, the extension of the aviator retention bonus, and a declining force structure--operating together--should resolve most of this shortage within the next few years. However, this assumes that the airlines do not further increase their hiring or drive up their wage structure. We look forward to participating in the forthcoming Presidential Commission that will look at national aviator shortages in the hope that we, and the airlines, can find more cooperative ways to meet our collective needs.

Health care professionals, particularly physicians, are among the highest paid professionals in both civilian life and military service; however, we still have shortages in certain specialties, especially surgical, where the compensation we offer lags most behind compensation found in the economy. To overcome this problem, Congress authorized for FY 1989, and extended into FY 1990, a temporary one-time bonus of up to $20,000 per year for a multi-year extension of up to four years. The Department has sent the Congress a report detailing how this bonus will be administered and submitted reports addressing the long-term compensation problem for medical officers, nurses, and other health care providers.

Allowances. After three years of budget constraints on the Variable Housing Allowance (VHA) program, we appreciate the 3.6 percent funding increase in FY 1990. More importantly, the removal of the budgetary ceiling reflects Congressional trust in our ability to manage this vital program. As intended under the law, the 3.6 percent funding increase enabled us to provide each member currently receiving VHA the maximum dollar amount that could be set to remain within the FY 1990 appropriated funding level. However, these rates were only sufficient to meet the housing cost index component of the Consumer Price Index (CPI) and did not make up for the past few years' budgetary constraints. The VHA rate increase for FY 1991 will be based on a DoD Housing Cost Survey to be conducted in the spring of 1990. This survey will be a complete census of all members currently eligible for VHA. Although we are not able to predict the exact results of that survey, we believe the housing cost index of the CPI, which grew by 4.0 percent in 1989, is a valid predictor of cost growth in the housing market.

We appreciate Congressional approval of the overseas up-front

Move In Housing Allowance (MIHA). This lump-sum payment will reduce the financial burden imposed on many members when they are forced to rent on the local economy overseas. We are currently finalizing procedures and forms to be used in implementation of this program, beginning on September 1, 1990.

Military Taxation Issues. We have submitted legislative proposals to remedy inequities and improve overall administration of the Federal tax system with respect to military members. The first concerns the Earned Income Tax Credit (EITC). With Department of Treasury and Internal Revenue Service assistance and support, we have developed and submitted a legislative proposal to extend the EITC to low income military families overseas. The proposal also includes provisions to improve the equity and administration of the EITC for all military taxpayers who qualify. Congressman Slattery and Senator Glenn have introduced legislation similar to our proposal. My Deputy Assistant Secretary for Military Manpower and Personnel Policy, Lieutenant General Donald W. Jones, recently testified in support of the legislation before the Subcommittee on Select Revenue Measures of the House Committee on Ways and Means. Another DoD proposal would extend the period for replacement of a principal residence in order to qualify for deferral of gains on the previous home sale in the case of military members required to occupy Government quarters.

Quality of Life

DoD members and their families constitute the most important resource supporting our national defense. Their quality of life should reflect the high standards and pride of the American people they defend. This is not only the right thing to do, but it is also necessary to retain the valued Service member and support our mission. Key quality-of-life programs include: child care, family member employment support, medical and dental care, family advocacy, religious support, relocation assistance, family housing, housing allowances, housing for unaccompanied service members, family support centers, dependent education, commissaries, and morale, welfare and recreation activities. These programs will be reviewed and adjusted to reflect the dramatic changes we are undergoing, but they will continue to be an essential part of our military structure. Some highlights of such programs are discussed below.

Child Care. We continue to expand the availability and improve the quality of our child care services. This program has shown steady growth in the amount of available care throughout the last three years. We now estimate that the Department of Defense serves more than 140,000 children in military child development centers and family child care homes worldwide. We will continue our efforts by increasing the number of family day care homes on military installations, programming military construction, and encouraging other alternatives, including privately financed ventures and increased information and referral programs.

The Department is also taking immediate action to implement the Military Child Care Act of 1989. We have issued implementing guidance to the Services, revised policy to incorporate Congressionally directed changes, developed our inspection and certification procedures, and developed a hotline for reporting child abuse and safety violations that will soon be operational. Most importantly, we have initiated our pilot program to increase caregiver wages. Under this program, the minimum pay for a trainee caregiver will be set at $5.70 an hour. However, an employee who is fully qualified will receive a minimum rate of $6.98 per hour and, based on performance and other factors, may be paid up to $10.16 per hour. This change, combined with enhanced training, will dramatically improve the quality of care we provide. We recently hosted a conference for the leaders of military child development programs to "kick-off" the implementation of this important legislation.

Family Advocacy Programs. The Family Advocacy Program addresses child and spouse abuse. Adequate funding has been a concern for several years. FY 1990 funding for treatment and prevention programs was increased to meet 60 percent of the Service's identified requirements. Emphasis on issues of child sexual abuse in out-of-home care settings resulted in the establishment and training of a Family Advocacy Command Assistance Team to provide on-site consultation and assistance. The multi-disciplinary, highly mobile team has been successfully deployed five times in the past year.

Relocation Programs. The Department will continue to improve our relocation assistance programs. These programs provide information and services to military members and their families who are undergoing a permanent change of station. We are currently staffing the Department's first instruction on this subject, which will standardize the Services' disparate relocation services. Alternatives for a worldwide automated relocation information system are under investigation. This system will allow the provision of timely and accurate information to military members and their families. Relocation services are particularly important as we face the possibility of realignment and consolidation of military units that will necessitate the movement of families.

Adoption Test. DoD has implemented a Congressionally mandated Adoption Reimbursement Test that was recently extended to September 30, 1990. Although a final report will be provided, preliminary data collected from the Services showed that a total of 1,091 Service members were reimbursed under the program from October 1, 1987 to July 31, 1989. The total amount spent for this program was $1,494,186, with the average cost per reimbursement averaging $1,372. Most of those who participated reported a positive effect on their morale and retention decisions. Throughout this year, we will gather additional information about the effects of this program. We will also implement a DoD Adoption Plan, which involves many agencies throughout the Department in providing information and assistance to those seeking to adopt.

Department of Defense Dependents Education. The dependents education program continues to serve more than 195,000 students stateside and overseas. Special program enrollments have also experienced substantial growth, seriously straining available resources. School system managers continue to meet the challenge of providing a quality education to eligible dependents, while at the same time advancing new initiatives designed to improve instruction and responsiveness to parents.

The Overseas Dependents Schools (DoDDS) continues to refine communications improvements. Military officials, parents, and teachers now play a role in the selection process for key school administrators. It has implemented a new staff development program designed to improve the quality of classroom instruction. The results of a recent parents survey indicate that DoDDS parents rate their DoDDS schools very favorably when compared to parents in the United States.

It is clear that DoDDS is providing a quality education. Student scores on basic skills tests remain above the national norm. Since 1986, the rate of participation in college entrance examinations has increased from 47 to 60 percent. This is particularly significant in view of the fact that DoDDS student scores continue to approximate and exceed national norms. The percentage of DoDDS graduates taking the Scholastic Aptitude Test (SAT) ranks DoDDS among the top ten states, and DoDDS SAT scores rank second in English and third in mathematics among these high participation states.

The 1990s will present an even greater challenge for DoDDS to effectively manage its programs to ensure a quality education for students during the transition to a smaller defense force.

Morale, Welfare, and Recreation. The DoD Morale, Welfare, and Recreation (MWR) program is a major contributor to community life on military installations. Libraries, sports and athletics programs, military exchanges, open messes (clubs), youth activities, crafts, and a wide variety of other social, recreational, and developmental activities serve approximately 12 million patrons and participants. They generate over $10 billion in sales, employ 220,000 people, and account for about $4.2 billion in program cost, exclusive of costs of goods sold. About $1.3 billion is funded by appropriated funds; the remainder is provided through nonappropriated fund support.

For the past several years, Congress has directed cuts in appropriated fund support for MWR activities. These reductions targeted revenue-producing activities and were intended to make the MWR program more self-sufficient and businesslike in its operation. With this impetus, we have promulgated policies that will allow our revenue-producing activities--such as clubs, bowling centers, golf courses, and marinas--to wean themselves from appropriated fund support by the end of the current fiscal year.

Safety. The DoD safety posture continues to improve. While occasional tragic and spectacular accidents receive considerable attention, the fact that their frequency has been steadily declining is often overlooked. For example, the DoD just completed the second safest flying year in its history. Only seven years ago, the DoD was experiencing major aircraft accidents at a rate over 50 percent higher than the rate in FY 1989. In FY 1982, the DoD rate was 3.05 major accidents per 100,000 flying hours. The FY 1989 rate was 1.99, the second year in a row it has been under 2.00. This accomplishment is even more noteworthy considering the higher performance of the newer aircraft, the more challenging missions given the pilots, and the more rigorous and realistic combat training activities (such as in adverse weather and at night).

This success is the result of the skill and professionalism of our pilots, the constant and effective emphasis on safety by their leaders, and a diversified program to continually improve flight safety. This program includes improving aircraft through system safety engineering, sharpening pilot performance through simulators and well-managed training, and avoiding unnecessary risks through the application of risk management principles. These actions, coupled with pervasive safety awareness, attention to detail, and standardization, have saved many lives and aircraft, and helped to improve mission readiness.

The leading cause of fatalities in DoD is privately owned motor vehicle accidents, just as it is in the population at large. But in DoD, aggressive motor vehicle safety training programs, mandatory use of seat belts, mandatory training and licensing of privately owned motorcycle operators, directed use of helmets/goggles, alcohol deglamorization, and positive leadership throughout the Services have resulted in fatality rates lower than that of non-DoD drivers in the same age group. For calendar year 1988, the DoD rate was 29.4 fatalities per 100,000 population while the nationwide rate was 39 per 100,000 population. Over a hundred fewer lives are lost now each year than at the start of the 1980s, and thousands of injuries have been avoided within DoD.

Although DoD civilian on-duty fatalities are decreasing, the number of fires declining, and off-duty accidental deaths for our military are fewer, problems still exist. Not surprisingly, costs continue to rise even though incidents are declining. Medical costs and the price of our state-of-the-art systems have risen faster than the decline of our accidents. Each of the Services is striving to reduce the number and the severity of its personal injury and property damage accidents.

As we make the transition to a smaller force, it will be a major challenge to maintain the overall trend of declining accident rates. Historically, rates increase during times of cutbacks. This is caused by influences such as inattention generated by anxieties about careers and future employment. You can help us meet this challenge by making available the resources for training, hazard abatement, and other activities that will keep our smaller force safe.

Recruiting Civilian Personnel

Our civilian workforce provides the essential operational, maintenance, and administrative support services for our military forces. In recruiting (and in retaining) the skilled personnel necessary to do these tasks, we are hindered by the outdated and ineffective civil service system currently in place. This is especially true in the areas of science and engineering. Factors that decrease our competitiveness in hiring are: 1) excessively regulated and time-consuming hiring procedures, 2) rigid and often inadequate compensation levels, 3) a cumbersome job classification system, and 4) a performance appraisal system that does not adequately tie pay to performance.

The Navy's China Lake Personnel Demonstration Project, which was instituted to address these problem areas, has been very successful. It owes its success to several features: 1) a market-sensitive hiring system that allows the government to compete more effectively for high-quality personnel in hard-to-fill jobs, 2) a performance-oriented compensation system that links pay to performance to an extent not possible under the existing civil service system, 3) a personnel system that greatly reduces the administrative effort and costs associated with federal personnel management, and 4) an administrative system that gives line managers greater responsibility for personnel functions.

Certain critically needed pay reforms have been proposed by the Office of Personnel Management, approved by the Office of Management and Budget, and submitted as part of the FY 1991 Budget. These reforms are commonly referred to as Phase I of pay reform. If enacted, the measures will provide across-the-board increases for employees in three "high cost" cities, a nation-wide adjustment in GS-5 and GS-7 rates (the entry levels for college recruitment), and "special payment" in order to recruit, retain, or relocate critical skill workers. We are confident that the OPM plan, if enacted by the Congress, will alleviate some of the disadvantages DoD faces in attracting and retaining high-quality civilians and therefore urge your enactment of the plan. As you know, the plan contains some features that the Defense Department has been supporting in previous legislative proposals as a means for making Federal employment more competitive with the private sector.

Training Civilian Personnel

To improve civilian training, the Department of Defense is supporting legislation to allow payment of degree-related training expenses for civilian employees. There are two important reasons for our support. First, it will put us in a better position to compete for college graduates who have skills that are in high demand, such as engineering and the sciences. Many private sector recruiters promise to pay all costs for graduate degree education as a recruitment incentive. Without this legislation, we can pay only for job-related courses. Secondly, it will provide additional opportunities to upgrade the professional skills of our civilian work force.

In 1985, the DoD Executive Leadership Demonstration Program was initiated on a test basis, to overcome certain problems noted during a review of leadership training opportunities in the Department: 1) civilian employees had little exposure to training in leadership in comparision to military personnel, 2) only a few civilians had the opportunity to attend the military schools despite a trend toward greater civilianization of DoD, and 3) there were few women in the executive ranks of DoD. Three cycles of the Executive Leadership Development Program (ELDP) have now been completed, with 132 graduates--117 civilians and 15 military. After careful evaluation, the ELDP has been established on a permanent basis, and the fourth class is underway. Feedback on the program has been extremely positive from both participants and supervisors. Participants state that they have gained greater knowledge and understanding of DoD organizations, operations, and procedures; self-confidence; and the ability to apply principles of leadership and group dynamics. Supervisors state that knowledge gained about DoD was one of the more valuable outcomes of the program. The ELDP is considered to be an extremely valuable program that complements our efforts to develop strong, Department-wide perspectives and leadership skills.

Retaining Civilian Personnel

Many of the Department's problems with civilian retention come from the problems noted above about recruitment of civilians. This year, however, there are special problems relating to civilian retention that will require special solutions, which are discussed below.

Forthcoming base closure actions will give increased importance to DoD's program for stability of civilian employment. One of the key elements of this program is the DoD Priority Placement Program. This program provides employees whose positions may be adversely affected by base closure, contracting out, functional transfer, or other actions that result in a reduction-in-force with the opportunity to be placed in vacant DoD positions for which they are qualified. Placement officials attempt to relocate such individuals within the commuting distance of the employee's current job. If a vacant position is not available in this area, the zone of consideration is enlarged if the employee indicates a willingness to relocate at installations in the broadened area. We anticipate that the Priority Placement Program will be extremely useful in future base closure actions.

Another unique situation affecting civilian retention has arisen because the House and Senate Armed Services Committees have required that DoD restructure, by October 1, 1990, the military morale, welfare, and recreation program to reduce taxpayer support of the program. For example, if the MWR activity is a revenue-generator, such as an officers' club, it will be restructured to make it more self-supportive. This will require that the club's appropriated fund (civil service) employees be moved to the Nonappropriated Fund (NAF) employment system. On the other hand, more mission-oriented MWR activities, such as libraries and gymnasiums, will be staffed with appropriated fund employees rather than NAF employees. We estimate that as many as 8,000 employees may move between the two employment systems. Most of these moves will be "involuntary"; that is, they will be initiated by DoD as a result of Congressional mandate. Under current law, many employees would lose earned employee benefits such as retirement and sick leave when they move between employment systems.

The Department strongly supports H.R. 3139, which would provide portability of benefits for NAF and civil service employees when they move from one employment system to the other, and we request your support of this bill. H.R. 3139 would enable the Federal Government to treat affected employees in an honorable manner consistent with sound management. It would also help managers put the best person in the job. Lack of employee benefit portability often frustrates this effort.

Conclusion

We in the manpower community are approaching the next few years with both hope and caution--hope that the promising transformation of the security environment will continue; caution in planning the changes we make to reflect that environment.

I believe our goal should be to make our inevitably smaller force one of continued high quality, and I request your support in pursuing this goal. Recruiting and reenlistment programs must be protected even as other budget cuts are made. Compensation should remain competitive, and quality of life programs should also be emphasized.

After recruiting high-quality individuals, we must invest in individual and unit training, and in the graduate and professional training of our officers and civilian personnel. Investment in training and education take time, but inadequate training and education can take years, even a generation, to correct. Thus, low unit training tempo may not be sensible even if mobilization warning times are very long. But in any event, low tempo is almost surely disastrous for morale and retention.

Finally, doing all this will be easier and more effective the sooner and more clearly we make our most fundamental decisions: What should we expect our military forces to be able to do? How shall we use the elements of the Total Force to do it? Much of our time during the next year will be spent in refining our answers to these questions.

Senator GLENN. I just want to re-emphasize what you just said about total force policy. This is not just another study.

Mr. JEHN. Yes, sir.

Senator GLENN. It is not just another one of many that we require out of the Pentagon, some more important than others. I wish we had this study 2 years ago. This subcommittee put the requirement in last year's authorization bill. I wish we had it now. We desperately need it as of right now, so we will know how to tailor our forces for the future. And it is that important, and I am glad you are giving it that kind of importance over there. And we look forward to working with you.

Let me just ask one question, though. Are the results of your study as you go through this year being integrated into the development of the 1992–1997 POM?

Mr. JEHN. Yes, sir, as resource implications resulting from the study become known, we plan to include them in the summer POM review process.

Senator GLENN. They are being integrated this year?

Mr. JEHN. They will be.

Senator GLENN. Okay, good. Mr. Wincup.

STATEMENT OF HON. G. KIM WINCUP, ASSISTANT SECRETARY OF THE ARMY, MANPOWER AND RESERVE AFFAIRS; ACCOMPANIED BY GEN. ALLEN ONO, DEPUTY CHIEF OF STAFF, PERSONNEL, U.S. ARMY

Mr. WINCUP. Well, Chairman Glenn, Senator McCain, it is a privilege to have the chance to appear on this side of the table before this group. And I am very happy to be here this morning, particularly, because in my view, sir, this subcommittee is the most important of the Armed Services Committee.

Because, unlike any other subcommittee, you all reach out and touch 4 million active duty, reserve and civilians every year and their families. And you have done it in a very effective way in the last number of years in partnership with the Department, because we have an exceptional force that you all are, I know, justifiably proud about.

I would like to note that I am accompanied this morning by Lt. Gen. Allen Ono who is the Deputy Chief of Staff for Personnel for the Army, someone I know you all know who is an expert in these issues, a true expert.

Mr. Chairman, I would just like to talk about the Army's force structure——

Senator GLENN. If I could interrupt, just so we know who you have as back up people this morning: Lt. Gen. Allen Ono, Deputy Chief of Staff, Personnel, U.S. Army; Vice Adm. Mike Boorda, Chief of Naval Personnel; Lt. Gen. Norm Smith, Deputy Chief of Staff, Manpower and Reserve Affairs, Marine Corps; Lt. Gen. Tom Hickey, Chief of Staff, Personnel, U.S. Air Force.

Thank you. Go ahead.

Mr. WINCUP. Yes, sir. If I might just talk for a moment about the Army's force structure, because it is what drives the program that you see before you this year. And I will not spend any time on the threat. You have alluded to the dynamic changes that are going on in Europe; they are almost too fast to keep pace with. But in fact, Soviet capabilities remain significant and something we need to be concerned about.

What we do know certainly though is the warning time has changed with respect to the situation in Europe. And for that reason the Army has chosen to accept some near-term risk with respect to its proposal it has before you and its program. The Army is—the, Department really, is betting on successful conclusion of the CFE negotiations and is starting a draw-down. So that the program you have before you begins that.

It is a balanced set of cuts across procurement and O&M. But basically, if you cut the Army, you cut people. And that is what you have before you: reductions in force structure, which are the right way to do it in my judgment, rather than leaving hollow units that frankly cannot perform very well, and in which the personnel do not like to serve. And they feel uncomfortable and unhappy with the training situation of such units, and then they leave us as a result of that experience.

Mr. Chairman, the Army's force structure in the Active side for 1990 and 1991 shows a reduction of 36,000 in end strength. And that involves the beginning of reducing two active divisions, the 2nd Armored Division at Fort Hood and the 9th Infantry Division at Fort Lewis. An armored brigade in Fort Knox, we are downsizing. And then, of course, associated headquarters and support units go with that reduction.

On the Reserve side, the Army in fiscal year 1990, proposes a reduction of 10,000 in the Army Guard and 9,500 in the Army Reserve. Those are essentially Gramm-Rudman driven reductions. And in 1991 the Reserve force levels would remain stable.

On the civilian side, we propose a reduction of 11,000 civilian employees for the Army in fiscal year 1990–1991.

Senator GLENN. Now are those reductions in Guard and Reserve taking into account what is coming out of the Total Force Policy Study yet, or are those just cuts?

Mr. WINCUP. Sir, those are essentially cuts driven by a Gramm-Rudman sequestration. And they are done in 1990 as opposed to the 1991 program. We left that untouched, largely to await the results of the Total Force Study.

Mr. Chairman, I would like to just mention that the Army does in fact have a plan, a 5-year program to deal with its force structure and its personnel. It is our effort to manage down this problem. And it is a plan that has not yet been fully accepted by the Office of the Secretary of Defense. But we expect action soon.

For the Active forces over the 5-year period, the Army expects to reduce its force by 135,000. The number for the Reserves are yet subject to—we have a plan, but basically, those numbers are subject to the results of the Total Force Study. On the civilian side we propose to reduce the civilian work force by 60,000 over that period.

What is now an Army of five corps and 28 divisions will be a four corps, 23 division Army by the end of the 5-year period.

The question really then is, how do we get there from here. And with an Active force reducing by 20 percent, and as you alluded to, Mr. Chairman, the potential for further reductions beyond that, we get really, I guess to the main message that I am concerned about this morning in terms of management flexibility and the Department reacting to change.

The Congress and the Army have built an exceptional force over the last number of years, and it is one that we are all proud of. The two risks though in this process are that we are going to hurt people in terms of how we do this draw-down, and we are going to have a force that is not ready to perform during that period, because we will be dealing with unmanageable personnel turbulence.

And I would say that this management flexibility that we are seeking is not for the convenience of the leadership of the management of the Army. It is really to try and protect personnel.

Mr. Chairman, the flexibility we seek is in two specific respects. One has to do with amendments to the Defense Officer Personnel Management Act, which has been alluded to. The Army as you know has had officer reductions for the last 5 years of about 4,000 officers. We propose to triple those reductions over the next 5 years. We have essentially used all the authority that is available to the Army currently.

We are having selective early retirement boards to the maximum extent possible. We are now having a regular officer probationary board for the first time. And with the 1991 program, as submitted to you, we need this additional authority. If the program, as you have indicated, Mr. Chairman, if there are cuts beyond that, we need it in a very significant manner.

Without that authority, and particularly the authority to RIF regular officers, we are going to have to take unbalanced cuts on our Reserve officer component, which is not what we would choose, because it is proportionally much higher in women, minorities and in the medical corps.

Mr. Chairman, there is one other point with respect to the Defense Officer Personnel Management Act amendments, and that is a timing issue. If the authorization bill is held up until fall, as seems likely, I guess, under the circumstances, we just cannot wait for those changes, sir. We need that authority early, because there is an 11-month and almost a 12-month lead time necessary to separate an officer to give him adequate time to prepare for a board, get his record straight, and then the 7-month statutory period that we are required to give them after the board makes a judgment. There is a long lead time necessary in this process.

Mr. Chairman, I would just like to also mention the reprogramming that has been brought up a number of times. But in the Army's case, we did not buy back that force structure. In fact, partly as a result of the reprogramming, we took a 20,000 reduction in end strength in fiscal year 1990.

Any further reductions that we are going to have to take at this point are going to unfairly impact soldiers in terms of promotions and PCSs, something we would very much not like to do during what are already very uncertain times for our force.

Mr. Chairman, I guess, my final point again is just to reiterate. You all have great responsibility and credit for having grown an exceptional force over time. What we need your help for now is to be able to treat that force with the respect and the dignity that they have earned, so that as you go through this draw-down period, we do not do it an unfortunate manner.

Thank you for the chance to give my report.

[The prepared statement of Mr. Wincup follows:]

STATEMENT BY

HONORABLE G. KIM WINCUP

ASSISTANT SECRETARY OF THE ARMY

(MANPOWER AND RESERVE AFFAIRS)

INTRODUCTION

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE, I APPRECIATE THIS OPPORTUNITY, EARLY IN MY TENURE, TO TALK ABOUT ISSUES THAT ARE CRITICAL TO A QUALITY ARMY TODAY AND IN THE FUTURE. I REPRESENT THE TOTAL ARMY - THE ACTIVE FORCE, THE ARMY NATIONAL GUARD, THE ARMY RESERVE, AND THE ARMY'S CIVILIAN WORK FORCE. THIS PARTNERSHIP FORMS A HOMOGENEOUS ORGANIZATION WHICH PROVIDES AN ARMY DESIGNED TO SERVE BOTH AS A STRATEGIC DETERRENT AND RAPID DEPLOYING TACTICAL FORCE. WE ARE A NATIONAL ASSET AND LOOK TO YOU FOR UNDERSTANDING OF THE UNIQUE LIFE STYLE, HARDSHIPS, AND SACRIFICE ASSOCIATED WITH THIS PROFESSION. CONGRESSIONAL SUPPORT OF ARMY PROGRAMS WILL ENSURE CONTINUATION OF THE QUALITY FORCE SO DILIGENTLY BUILT WITH YOUR HELP DURING THE LAST DECADE.

THE ARMY AS A STRATEGIC DETERRENT AND TACTICAL FORCE

THE ARMY HAS DETERRED THE NATION'S PRINCIPAL ADVERSARIES FOR THE PAST FOUR DECADES BY PROVIDING SUSTAINABLE LAND-BASED COMBAT POWER. WE HAVE MAINTAINED STRONG FORWARD DEPLOYED FORCES AND POTENT REINFORCEMENTS. CLEARLY, FOR THE NEAR-TERM, THESE REQUIREMENTS WILL CONTINUE. HOWEVER, I BELIEVE THE ARMY MUST ADAPT TO THE CURRENT REALITIES OF THE STRATEGIC ENVIRONMENT. WHILE NOT ABANDONING THE REQUIREMENT TO DEFEAT HEAVY ARMORED FORCES OF POTENTIAL ADVERSARIES, THE ARMY MUST BE FULLY CAPABLE OF MEETING OTHER CONTINGENCIES THROUGHOUT THE WORLD, MOST OF WHICH ARE MUCH MORE LIKELY THAN HIGH-INTENSITY COMBAT. WE MUST BE ABLE TO RAPIDLY DEPLOY WORLDWIDE WITH THE RIGHT MIX OF FORCES TO CONDUCT A RANGE OF OPERATIONS FROM SECURITY ASSISTANCE TO ALL-OUT WAR. ARMY FORCES MUST BE TRAINED AND READY NOT ONLY TO FIGHT, BUT TO OPERATE IN AN ENVIRONMENT IN MUCH OF THE DEVELOPING WORLD WHERE ECONOMIC FACTORS AND POLITICAL AMBIGUITIES MARK CONFLICT.

THE INTERNATIONAL SECURITY ENVIRONMENT

TODAY'S ARMY FACES A SIGNIFICANTLY MORE COMPLEX AND VARIED SECURITY ENVIRONMENT AS IT ENTERS THE 1990'S THAN EVER BEFORE IN ITS HISTORY. IMMEDIATELY AFTER WORLD WAR II, THE WORLD DIVIDED INTO TWO CAMPS. IT HAS GRADUALLY BECOME MULTIPOLAR AND IS, THEREFORE, LESS SUBJECT TO SUPERPOWER INFLUENCE. THE WORLD ECONOMY IS BECOMING MORE INTEGRATED, AND NEW CENTERS OF INFLUENCE ARE DEVELOPING. FOR EXAMPLE, JAPAN HAS EMERGED AS AN INTERNATIONAL ECONOMIC POWER AND GREATLY INFLUENCES U.S. AND EUROPEAN MARKETS. SOME DEVELOPING COUNTRIES, SUCH AS INDIA AND PAKISTAN, ARE BECOMING WEALTHIER AND SELF-SUFFICIENT MILITARILY. ALLIES ARE BECOMING MORE ASSERTIVE IN PURSUING THEIR OWN INTERESTS AND ARE LESS APT TO FOLLOW THE LEAD OF A SUPERPOWER.

SIMULTANEOUSLY, THE SOVIET UNION'S SEVERE ECONOMIC PROBLEMS HAVE FORCED THE SOVIET LEADERSHIP TO ADOPT A LESS CONFRONTATIONAL ATTITUDE TOWARD THE UNITED STATES. PRESIDENT GORBACHEV'S PROGRAMS OF PERESTROIKA AND GLASNOST SUGGEST THAT THE SOVIET EMPHASIS ON MASSIVE MILITARY POWER, CENTRALIZATION, CONFRONTATION ABROAD, AND REPRESSION AT HOME IS CHANGING, AT LEAST TEMPORARILY.

THE CHANGES IN THE SOVIET UNION ARE POSITIVE DEVELOPMENTS TO BE ENCOURAGED. NEVERTHELESS, THE ARMY'S POSTURE MUST BE DESIGNED TO MEET POTENTIAL ADVERSARIES' LONG-TERM CAPABILITIES, NOT THEIR CURRENT STATED INTENTIONS. DESPITE GORBACHEV'S UNILATERAL CUTS, THE SOVIETS HAVE NEVER TALKED OF REDUCING THE READINESS OF THEIR FORCES AND THEY ARE CROSS-LEVELING EQUIPMENT AMONG UNITS. WHILE OLDER EQUIPMENT IS WITHDRAWN FROM EUROPE AND EITHER REALLOCATED OR DESTROYED, REMAINING UNITS RECEIVE AND RETAIN MORE MODERN EQUIPMENT. CONSEQUENTLY, THE SOVIETS WILL MOST LIKELY FOCUS ON MODERNIZED CONVENTIONAL AND NUCLEAR FORCES, ON VIGOROUS RESEARCH IN ALL ASPECTS OF TECHNOLOGY, AND ON THE EXPLOITATION OF SPACE TO SUPPORT MILITARY OPERATIONS.

A SECOND EVOLVING THREAT IS INSTABILITY IN EASTERN EUROPE AND WITHIN THE SOVIET UNION ITSELF. RECENT EVENTS IN EASTERN EUROPE - THE ELECTION OF A NON-COMMUNIST GOVERNMENT IN CZECHOSLOVAKIA AND POLAND; IMPENDING FREE ELECTIONS IN HUNGARY; THE MOVE TOWARD THE REUNIFICATION OF GERMANY; THE CHANGE OF GOVERNMENT IN ROMANIA; AND THE CHANGE OF LEADERSHIP IN BULGARIA - DEMONSTRATE THE FISSURES WITHIN THE WARSAW PACT. THE FAILURE OF PERESTROIKA AND GLASNOST TO SHOW POSITIVE BENEFITS TO THE SOVIET POPULATION HAS LED TO ETHNIC UNREST AND MASSIVE DEMONSTRATIONS IN THE BALTIC STATES, IN MOLDAVIA, IN AZERBAIJAN, IN GEORGIA, AND IN ARMENIA, FURTHER COMPLICATING THE THREAT.

THE SITUATION IN THE THIRD WORLD IS ALSO OF CONCERN. CONFLICT IS AN ALL TOO FREQUENT OCCURRENCE WITHIN AND AMONG MANY DEVELOPING COUNTRIES, AND THIS CONFLICT OFTEN THREATENS U.S.

SECURITY INTERESTS. THE MILITARY FORCES OF MANY OF THESE NATIONS ARE NOW ARMED WITH UP-TO-DATE, LETHAL WEAPON SYSTEMS. OVER A DOZEN DEVELOPING COUNTRIES POSSESS MORE THAN A THOUSAND MAIN BATTLE TANKS, THE CORE OF ARMORED COMBAT. THE IRAN-IRAQ WAR, IN WHICH BY SOME ESTIMATES ONE MILLION PEOPLE DIED, SHOWS THE DESTRUCTIVENESS OF MODERN WARFARE EVEN BETWEEN DEVELOPING COUNTRIES. THAT SAME WAR SAW THE USE OF CHEMICAL WEAPONS AND SURFACE-TO-SURFACE MISSILES. OTHER NATIONS IN THE DEVELOPING WORLD NOW POSSESS OR ARE SEEKING TO OBTAIN SIMILAR CAPABILITIES. THIS DEVELOPMENT, COMBINED WITH THE POSSIBILITY OF NUCLEAR PROLIFERATION, WILL MAKE WARFARE IN DEVELOPING COUNTRIES MORE DANGEROUS.

TERRORISM DIRECTED AGAINST U.S. CITIZENS AND PROPERTY HAS NOT ABATED AND, IN FACT, THE PROBLEM IS SOMETIMES COMPOUNDED BY AN INCREASING FLOOD OF DRUGS FROM MANY OF THE SAME COUNTRIES WHO HARBOR TERRORIST THREATS. DRUGS ALONE FACE THE NATION WITH A MENACING AND DIFFICULT-TO-COMBAT CHALLENGE; TERRORISM AND DRUG TRAFFICKING COMBINED FORM A PARTICULARLY SINISTER THREAT.

THE MOVE TO A LESS BIPOLAR WORLD HAS NOT REDUCED OUR VITAL SECURITY INTERESTS; IF ANYTHING IT HAS INCREASED THOSE INTERESTS. AS THE WORLD BECOMES MORE ECONOMICALLY INTERDEPENDENT AND POLITICALLY INDEPENDENT, THE U.S. STAKE IN STABILITY AND PEACE IN ALL AREAS OF THE WORLD GROWS, NOT DIMINISHES. ADDED TO THIS IS THE FACT THAT THE SOURCE OF MOST OF THE TERRORISM DIRECTED AGAINST THE UNITED STATES AND THE NARCOTICS FEEDING THE NATION'S DRUG PROBLEM ORIGINATE OUTSIDE OF ITS BORDERS. THE GROWING LETHALITY OF THE ARMED FORCES IN DEVELOPING COUNTRIES MAKES POTENTIAL DEPLOYMENT OF U.S. FORCES TO THESE AREAS MORE DIFFICULT THAN IN THE PAST.

AT THE SAME TIME, THE UNITED STATES MUST RETAIN ITS INTERESTS IN EUROPE. WHILE THE SITUATION IN THE SOVIET UNION AND EASTERN EUROPE, ESPECIALLY THE INEVITABILITY OF GERMAN REUNIFICATION, IS CHANGING RAPIDLY AND THE SOVIETS HAVE MOVED TO RESTRUCTURE THEIR ARMED FORCES, THE SOVIET MILITARY REMAINS A FORMIDABLE FORCE. THE SOVIET UNION UNDOUBTEDLY PROVIDES THE MOST DANGEROUS THREAT, THE MOST LIKELY THREAT TO BE FOUND IS IN OTHER GLOBAL CONTINGENCIES, IN REGIONAL INSTABILITIES. IN THE FACE OF THESE VARIED THREATS, A FLEXIBLE AND READY ARMY IS STILL AN ESSENTIAL COMPONENT OF THE U.S. MILITARY POSTURE.

THE ARMY OF THE 1990'S--RESHAPED, RESTRUCTURED, COMPACTED

THE DIMINISHED SOVIET THREAT AND CONTINUING TRENDS TOWARDS DEMOCRATIZATION IN OTHER SEGMENTS OF THE INTERNATIONAL COMMUNITY COUPLED WITH A PLANNED NEGATIVE REAL GROWTH IN THE ARMY BUDGET MEANS FUNDAMENTAL CHANGES IN THE FORCE STRUCTURE OF THE ARMY. ESSENTIALLY THREE CONCLUSIONS CAN BE DRAWN FROM AN ANALYSIS OF UNFOLDING WORLD EVENTS AND BUDGETARY FISCAL REALITY.

FIRST, THE ARMY CANNOT MAN, TRAIN, AND EQUIP THE TOTAL ARMY AT ITS CURRENT STRUCTURE OF FIVE CORPS AND 28 DIVISIONS IF QUALITY AND READINESS ARE TO BE MAINTAINED.

SECOND, WE MUST HAVE A CLEAR VISION OF EXACTLY WHAT WE WANT THE MID-TERM FORCE TO LOOK LIKE (SIZE AND CAPABILITY) IN ORDER TO ACHIEVE RESHAPING WHILE MAINTAINING FULL CONTINGENCY READINESS DURING AN ERA OF FISCAL AUSTERITY.

THIRD, WHAT EVER FORM THE RESHAPED FORCE TAKES, IT MUST BE CAPABLE OF RAPID EXPANSION IF REQUIRED BY UNANTICIPATED SHIFTS IN THE INTERNATIONAL SECURITY ENVIRONMENT.

IN ADDITION TO THESE ANALYTICAL CONCLUSIONS CONCERNING CHANGING THE FORCE SIZE AND STRUCTURE, WE REVIEWED OUR EXPERIENCES IN PREVIOUS DRAW DOWNS. HISTORICAL REVIEWS OF DEMOBILIZATION FOLLOWING WORLD WAR II, KOREA, AND VIETNAM INDICATE THAT WHOLESALE CUTS IN MANPOWER RESULTED IN DISPROPORTIONATE DECREMENTS IN READINESS.

ANOTHER IMPORTANT CONSIDERATION IN FORCE REDUCTIONS IS THE COMPOSITION OF OUR TODAY'S FORCE. DOWNSIZING AND RESTRUCTURING A VOLUNTEER ARMY HAS SIGNIFICANTLY DIFFERENT TIME LINES AND CONSIDERATIONS FROM DEMOBILIZING AN ARMY OF DRAFTEES. ABRUPTLY AND UNEXPECTEDLY TERMINATING A VOLUNTEER SOLDIER'S SERVICE IS APPRECIABLY DIFFERENT FROM RETURNING THE CONSCRIPTED SOLDIER HOME TO HIS FAMILY AND CIVILIAN JOB.

WITH THESE FACTORS IN MIND THE CONCEPT THE ARMY VISUALIZES IS TO JUDICIOUSLY REDUCE CONUS FORCES PRIOR TO IMPLEMENTATION OF A CONVENTIONAL FORCES EUROPE (CFE) AGREEMENT. ONCE INTERNATIONAL AGREEMENTS ARE REACHED ON NATO TROOP LEVELS WE COULD REDEPLOY OR DEMOBILIZE FORWARD DEPLOYED FORCES AS THE NEGOTIATIONS PERMIT. PREMATURELY REDUCING THE MANNING LEVELS OF OUR UNITS IN EUROPE IS JUST AS RISKY AS REMOVING FORCES BEFORE NATO HAS ESTABLISHED ITS DEFENSE REQUIREMENTS.

SPELLED OUT IN TERMS OF FORCE, THIS WOULD ENVISION A MID-1990 STRUCTURE OF FOUR CORPS AND 23 DIVISIONS. THIS REDUCTION WILL BE ACCOMPLISHED THROUGH A COMBINATION OF ACTIVE FORCE STRUCTURE CUTS AND OVERSEAS REDEPLOYMENTS. IT WILL NECESSITATE FOCUSING OUR RESERVE COMPONENTS RESOURCES ON QUALITY AND READINESS. MOREOVER, WE WILL PLACE A GREATER EMPHASIS ON THE CONTINGENCY CAPABILITIES OF OUR REMAINING CONUS BASED FORCES. AS WE PROCEED WITH THIS PROCESS WE WILL CAREFULLY WEIGH THE MIX OF OUR FORCES (LIGHT, HEAVY, AND SPECIAL OPERATIONS) TO ENSURE BROAD CAPABILITY, VERSATILITY, RAPID DEPLOYABILITY, AND UNPRECEDENTED LETHALITY. AS WE CONTRACT IN SIZE, ONE OF OUR MOST IMPORTANT ASSET WILL BE THE QUALITY OF OUR SOLDIERS AND CIVILIANS.

THE IMPORTANCE OF QUALITY

THE QUALITY OF THE FORCE IS OF PARAMOUNT IMPORTANCE TO MEET THE STRATEGIC CHALLENGES WHICH FACE THE ARMY AND THE NATION. A QUALITY FORCE IS ESSENTIAL TO PROTECT U.S. INTERESTS THROUGHOUT THE WORLD AND TO GIVE THE ARMY THE VERSATILITY IT NEEDS TO EXECUTE ITS STRATEGIC MANDATE DESPITE ITS SMALL SIZE. THE KEY TO A QUALITY FORCE IS QUALITY PEOPLE--SOLDIERS AND CIVILIANS--FOR TODAY'S FORCE AS WELL AS THE FORCE OF THE FUTURE.

QUALITY SOLDIERS WHO CAN MAXIMIZE THE ARMY'S COMBAT CAPABILITIES WILL ALWAYS BE CRITICAL, BOTH AS A FOUNDATION OF CURRENT STRENGTH AND THE SOURCE OF FUTURE LEADERSHIP. QUALITY SOLDIERS PROVIDE A DEFINITE EDGE IN COMBAT READINESS. SOLDIERS WITH A HIGH SCHOOL DIPLOMA WHO SCORE HIGH ON THE ARMED SERVICES VOCATIONAL APTITUDE BATTERY TRAIN BETTER, PERFORM BETTER ON THE JOB, AND ARE MORE LIKELY TO COMPLETE THEIR FIRST ENLISTMENT. SUCH SOLDIERS ALSO OFFER INCREASED PROSPECTS FOR DEVELOPING INTO THE TYPE OF LEADERS THAT A FIRST-RATE ARMY REQUIRES. QUALITY PEOPLE DEMONSTRATE THE INITIATIVE, COMPETENCE, AND SPIRIT NECESSARY TO CREATE A DYNAMIC, FLEXIBLE FORCE CAPABLE OF MEETING EVEN THE MOST DIFFICULT MISSIONS THAT MAY BE GIVEN TO THE ARMY.

EQUALLY IMPORTANT IN THE QUALITY EQUATION IS OUR CIVILIAN WORK FORCE. MAJOR ELEMENTS OF THE ARMY'S LOGISTICS, RESEARCH AND DEVELOPMENT, AND BASE SUPPORT OPERATIONS ARE CARRIED OUT BY OUR CIVILIAN EMPLOYEES. THESE CRITICAL FUNCTIONS MUST BE CONDUCTED BY WELL EDUCATED, PROPERLY TRAINED, AND HIGHLY PRODUCTIVE PEOPLE. WE MUST BE SURE THAT WE OFFER A TOTAL WORK ENVIRONMENT COMPETITIVE WITH THE PRIVATE SECTOR. THE PHYSICAL JOB SITE, PERSONNEL MANAGEMENT PROGRAMS, CAREER DEVELOPMENT, ADVANCEMENT OPPORTUNITY, AND PAY MUST ALL BE PART OF THIS ENVIRONMENT.

EFFECTIVELY ORCHESTRATING THESE FACTORS WILL ENSURE OUR ABILITY TO ATTRACT AND RETAIN QUALITY CIVILIANS. WE NEED TO FOCUS ON SIMPLIFYING AND IMPROVING THE CIVILIAN PERSONNEL SYSTEM TO MEET THE CURRENT NEEDS OF THE ARMY, AND THE CIVIL SERVICE AS A WHOLE.

THE KEY TO A QUALITY MILITARY FORCE IS THE ABILITY TO RECRUIT AND THEN RETAIN QUALITY SOLDIERS. THIS REQUIRES A MIXTURE OF RECRUITMENT, FORCE MANAGEMENT, AND RETENTION PROGRAMS THAT ARE PROPERLY RESOURCED. SUCH PROGRAMS MUST BE TARGETED TOWARD THE CURRENT AND FUTURE NEEDS OF THE ARMY, BOTH ACTIVE AND RESERVE COMPONENTS. TO ATTRACT QUALITY PEOPLE, PROSPECTIVE APPLICANTS MUST PERCEIVE THE ARMY AS A VIABLE CAREER CHOICE. ADEQUATE PAY, QUALITY OF LIFE PROGRAMS FOR SOLDIERS AND FAMILY MEMBERS SIMILAR TO THOSE AVAILABLE IN CIVILIAN COMMUNITIES, AND CAREER ENHANCING JOBS ARE KEY ATTRACTORS AND MUST BE CONTINUED. ONCE RECRUITED, RETENTION WILL BE AFFECTED BY THE ARMY'S ABILITY TO PROPERLY MANAGE THE CAREERS OF ITS SOLDIERS. THIS NECESSITATES A CONTINUING REVIEW AND ADJUSTMENT OF OFFICER, WARRANT OFFICER, NCO, AND ENLISTED MANAGEMENT PROGRAMS TO ENSURE THAT THEY MEET THE FORCE STRUCTURE AND TECHNOLOGICAL REQUIREMENTS OF THE FUTURE. OTHER PROGRAMS, SUCH AS THE MANAGEMENT OF JOINT ASSIGNMENTS AND SEPARATION PAY ENTITLEMENTS, ALSO MUST BE REVIEWED AND UPDATED.

THE ARMY CONTINUED TO RECRUIT QUALITY PEOPLE IN FISCAL YEAR 1989. NINETY PERCENT OF THE NON-PRIOR SERVICE ACCESSIONS WERE HIGH SCHOOL GRADUATES, WITH 63 PERCENT SCORING IN THE TOP THREE ARMED FORCES QUALIFICATION TEST (AFQT) CATEGORIES AND 7 PERCENT IN THE LOWEST ALLOWABLE AFQT CATEGORY. THESE QUALITY SOLDIERS ARE MOTIVATED, INTELLIGENT, AND PERSISTENT.

SEVERAL INITIATIVES WERE DEVELOPED TO ATTRACT AND RETAIN THESE QUALITY YOUTH. ONE OF THESE, THE 2+2+4 OR ARMY COLLEGE FUND (ACF) PLUS TEST, ALLOWS RECRUITS WHO ENLIST FOR 2 YEARS OF ACTIVE DUTY IN NON-COMBAT ARMS POSITIONS TO PARTICIPATE IN THE ACF. IN ADDITION TO THE NEW SOLDIER'S ACTIVE SERVICE, THE SOLDIER MUST ALSO FULFILL A 2-YEAR OBLIGATION IN A RESERVE UNIT. THE TEST IS DESIGNED TO DETERMINE IF THE PROGRAM WILL EXPAND RECRUITMENT OF COLLEGE BOUND APPLICANTS AND HELP REDUCE RESERVE RECRUITING AND TRAINING COSTS.

A RECENT STUDY BY THE RAND CORPORATION HAS VERIFIED THE DIRECT AND SIGNIFICANT IMPACT THAT ADVERTISING HAS ON QUALITY RECRUITING. MAINTAINING QUALITY RECRUITING THROUGH THE TOUGH YEARS AHEAD REQUIRES ALLOCATING NECESSARY RESOURCES TO THE

ADVERTISING BUDGET TO CONTINUE OUR SUCCESSES OF THE PAST INTO THE FUTURE. COMPETITION IN THE LABOR POOL FOR QUALITY YOUTH WILL HEAT UP IN THE YEARS AHEAD--NOT DIMINISH!

THE ANNUAL ACCESSION MISSION CHANGES THROUGHOUT THE YEAR AS THE ARMY'S NEEDS CHANGE. FOR EXAMPLE, THE MISSION AT THE BEGINNING OF FISCAL YEAR 1989 WAS 128,127 INDIVIDUALS. DUE TO BETTER RETENTION THAN EXPECTED AND BUDGETARY CONSTRAINTS, THE MISSION BY THE END OF THE FISCAL YEAR WAS 121,800, OR 6,327 FEWER ACCESSIONS. THE FISCAL YEAR 1990 MISSION IS ALSO DECLINING. THE YEAR BEGAN WITH AN ACCESSION MISSION OF 119,000, AND IS NOW 97,400 OR 21,600 FEWER ACCESSIONS.

SIMILARLY, THERE IS A NEED TO ATTRACT QUALITY OFFICERS AS ROLE MODELS AND INSTRUCTORS FOR THE ARMY'S FUTURE OFFICER CORPS. WEST POINT HAS FOR YEARS PROVIDED CAREER DEVELOPMENT OPPORTUNITIES FOR THOSE ASSIGNED AS CADRE. ONE OF THESE PROGRAMS, CALLED LEADERSHIP DEVELOPMENT, HAS BEEN A MASTER LEVEL EDUCATION PROGRAM; HOWEVER, BECAUSE OF CURRENT LEGISLATIVE LANGUAGE, IT HAS BEEN UNABLE TO GRANT A MASTER'S DEGREE TO GRADUATES FOR THEIR EFFORTS. THIS NEEDS TO BE CHANGED, AS THE PROGRAM IS A SIGNIFICANT TOOL FOR ATTRACTING QUALITY OFFICERS TO SERVE AT WEST POINT.

INVESTMENT IN THE ARMY AS AN INVESTMENT IN THE NATION

THE ARMY HAS HAD A SET COURSE FOR NEARLY 50 YEARS IN EUROPE. WE HAVE HAD OTHER ROLES AND MISSIONS AND OTHER WARS AND BATTLES, BUT ARMORED AND MECHANIZED DETERRENCE IN EUROPE HAS BEEN OUR CONSTANT. NOW THE GEOPOLITICAL SITUATION IN EUROPE IS FORCING US TO CHANGE. AND WE MUST DECIDE WHETHER THAT CHANGE IS TO BE 20 DEGREES OR 90 DEGREES OR 180.

WHAT IS TO BE THE NATURE OF THAT CHANGE? FROM THE PERSPECTIVE OF THE NATIONAL SECURITY ESTABLISHMENT, THE ARMY PROVIDES THE MEANS TO DEMONSTRATE THE NATION'S RESOLVE OVER A FULL RANGE OF POTENTIAL CONTINGENCIES. THE ARMY IS CREDIBLE AND RELEVANT BECAUSE WE ARE FLEXIBLE, VERSATILE, AND DEPLOYABLE IN PROVIDING SECURITY AND DETERRENCE FOR THE NATION.

FROM THE PERSPECTIVE OF SOCIETY AT LARGE, THE ARMY CAN PERFORM MISSIONS THAT ENHANCE THE IMAGE OF THE UNITED STATES IN THE VIEW OF THE AMERICAN PEOPLE AND THE REST OF THE WORLD. THE ARMY IS CREDIBLE AND RELEVANT BECAUSE WE CAN ASSIST THE NATION IN THINGS LIKE COUNTERNARCOTICS AND ANTITERRORIST OPERATIONS, AND WE

CAN ASSIST THE WORLD IN THINGS LIKE PEACE-KEEPING, AND WE CAN ASSIST OTHER COUNTRIES IN THINGS LIKE NATION-BUILDING.

FROM THE PERSPECTIVE OF THE INDIVIDUAL, OR FROM A PARENT, OR FROM A PROSPECTIVE EMPLOYER, THE ARMY PROVIDES AN AVENUE FOR PERSONAL DEVELOPMENT THROUGH TRAINING, EXPERIENCE, AND OPPORTUNITY FOR A COLLEGE EDUCATION WITH THE MONTGOMERY GI BILL. THE ARMY IS CREDIBLE AND RELEVANT BECAUSE WE DEVELOP THE SKILLS AND PERSONAL CHARACTERISTICS NEEDED TO ACHIEVE FULL POTENTIAL, AND WE PROVIDE THE OPPORTUNITY FOR INDIVIDUALS TO EXCEL.

TO ESTABLISH THE ARMY AS AN EFFECTIVE FORCE, WE WILL NEED TO SHOW THAT AN INVESTMENT OF TAX DOLLARS BY SOCIETY IN THE ARMY IS AN INVESTMENT IN SOCIETY ITSELF. WE MUST FOCUS ON A CONCEPT WITH WHICH I KNOW YOU ARE FAMILIAR--VALUE.

WE MUST RENEW A SENSE OF THE ARMY'S VALUE TO SOCIETY. THROUGHOUT OUR 200-YEAR HISTORY, THE ARMY HAS BEEN THE NATION'S SERVANT. WE CONTRIBUTE TO THE NATION'S SECURITY, ECONOMIC STRENGTH, AND TO THE NATION'S IMAGE IN THE WORLD.

TO ENSURE THE YOUTH OF OUR NATION VIEW THE ARMY AS THE RIGHT CHOICE TO ENHANCE THEIR FUTURES, WE MUST BUILD AND MAINTAIN AN ARMY "OF CHOICE." THE FIRST STEP IN THIS MISSION IS TO PROJECT A POSITIVE IMAGE OF THE ARMY. TO BE EFFECTIVE THE IMAGE MUST BE CONVEYED THROUGHOUT SOCIETY TO REACH EVERY COMMUNITY. THE DIVERSITY OF THE ARMY'S MISSION AND THE CORRESPONDING VARIETY OF JOBS AND TRAINING AVAILABLE MUST BE EXPLAINED IN DETAIL AND IN TERMS UNDERSTOOD BY OUR YOUTH. MOST IMPORTANTLY HOWEVER, WE MUST CLEARLY SHOW THAT A DECISION TO SELECT SERVICE IN THE ARMY IS THE RIGHT CHOICE.

TO DO THIS WE MUST PROVIDE AN ARMY "CULTURE" THAT PLACES CARING FOR SOLDIERS FIRST. THERE ARE MANY AVENUES TO ACHIEVE AN ARMY THAT PLACES A PREMIUM ON ITS PEOPLE BY EMPHASIZING THE WELL BEING OF THE INDIVIDUAL. FIRST, OUR PROVEN RECORD AS A LEADER IN EQUAL OPPORTUNITY MUST CONTINUE. THE ACCOMPLISHMENTS OF THE PAST TWO DECADES IN MOVING THE ARMY TO THE FOREFRONT IN PROVIDING FAIRNESS, JUSTICE, AND EQUITY FOR ALL ALLOWS SOLDIERS THE OPPORTUNITY TO ADVANCE TO THEIR FULL POTENTIAL. NEXT, WORKING AND LIVING CONDITIONS MUST BE IMPROVED AND MADE COMPETITIVE WITH THE OTHER SERVICES AND, MORE IMPORTANTLY, SOCIETAL NORMS. OF COURSE, QUALITY HEALTH CARE FOR SOLDIERS AND FAMILIES IS VITAL TO PROVING THE ARMY TRULY CARES FOR ITS OWN. AS RESOURCES BECOME MORE INTENSIVELY MANAGED WE MUST RESIST THE TEMPTATION TO SHORT

CHANGE THE HEALTH CARE SERVICES WE PROVIDE OUR SOLDIERS. WE ARE ACTIVELY PURSUING HOW BEST TO REINVEST OUR "PHYSICIAN DIVIDEND" RESULTING FROM THE ARMY'S ENDSTRENGTH REDUCTION. WE BELIEVE WE CAN USE EXISTING HEALTH RESOURCES TO PROVIDE A MORE RESPONSIVE AND COORDINATED HEALTH CARE SYSTEM.

READINESS AND MOBILIZATION

AS THE ARMY CONTRACTS AND FACES INCREASING RESOURCE CONSTRAINTS, READINESS AND THE ABILITY TO QUICKLY MOBILIZE MUST BE MAINTAINED. THE FLEXIBILITY OF THE ARMY TO PERFORM A MYRIAD OF MISSIONS ACROSS THE COUNTRY AND AROUND THE GLOBE PLACES READINESS AND THE ABILITY TO EXPAND, ESSENTIAL TO ENSURE THE NATION RECEIVES A FAIR RETURN ON ITS INVESTMENT. TO THIS END I SEE MEDICAL READINESS AND QUALITY TRAINING AS THE TWO MOST IMPORTANT ELEMENTS TO MAINTAINING A PREPARED ACTIVE AND RESERVE FORCE.

WITH YOUR HELP MEDICAL READINESS HAS BEEN ENHANCED RECENTLY AS A RESULT OF SUBSTANTIAL RECRUITING INCENTIVES. OUR WARTIME HEALTH MANPOWER STATUS HAS STEADILY IMPROVED. THIS HAS BEEN PARTICULARLY EVIDENT IN THE SELECTED RESERVE, ALTHOUGH SOME SPECIFIC NURSE AND PHYSICIAN SPECIALTIES CONTINUE TO HAVE A SIGNIFICANT SHORTFALL ESPECIALLY IN THE INDIVIDUAL READY RESERVE. RECRUITMENT AND RETENTION OF CIVILIANS IN MEDICAL FIELDS IS DIFFICULT, PARTLY DUE TO NON-COMPETITIVE PAY.

WHILE FORCE STRUCTURE DECISIONS WILL ULTIMATELY DETERMINE THE NUMBER OF SOLDIERS TO TRAIN, THE ARMY DOES NOT NEED TO WAIT FOR THOSE NUMBERS TO DETERMINE HOW WE WILL EXECUTE THIS CRITICAL FUNCTION. TRAINING IS THE CORNERSTONE TO READINESS AND WE MUST CONTINUE TO PROVIDE OUR NATION WITH THE BEST TRAINED SOLDIERS IN THE WORLD. OUR TRAINING APPROACH TO PREPARING OUR SOLDIERS AND THEIR LEADERS FOR THE TASK OF PROSECUTING WAR, WHEN CALLED UPON TO DO SO, MUST BE PROTECTED.

WE KNOW, FOR EXAMPLE, THAT OUR NATION AND THE ARMY HAS BENEFITED FROM THE ROTC AND OFFICER CANDIDATE SCHOOLING SYSTEMS THAT HAVE EVOLVED OVER TIME. WE MUST BE CAREFUL TO NOT DESTROY THESE BASIC BUILDING BLOCKS. LIKEWISE WE MUST CAPITALIZE UPON ECONOMIES OF SCALE AND THE ADVANTAGES OFFERED BY TECHNOLOGY IN TAILORING A TRAINING SYSTEM THAT TRAINS THE 'TOTAL ARMY' BOTH IN THE SCHOOL HOUSE AND IN THE FIELD IN THE MOST EFFICIENT MANNER.

A SMALLER ARMY WILL NOT AUTOMATICALLY DICTATE A DIRECT

CORRESPONDING REDUCTION IN TRAINING COSTS. WE WILL STILL HAVE A PIPELINE, ALBEIT REDUCED, OF ENLISTED AND OFFICER ACCESSIONS THAT MUST BE TRAINED. OUR POSITION MUST BE TO PROVIDE QUALITY TRAINING FOR BOTH ACTIVE AND RESERVE COMPONENTS THAT WILL ENSURE DIVERSE MISSION READINESS WITH FEWER FORCES.

REGARDLESS OF THE END STATE SIZE OF THE ARMY, HISTORY HAS PROVEN TIME AND TIME AGAIN THAT IT IS THE SOLDIER AND SMALL UNIT ON THE GROUND THAT MUST ULTIMATELY DEFEND OUR NATIONAL INTERESTS. IN RECOGNITION OF THIS FACT THE ARMY IS COMMITTED TO PROTECTING THAT ESSENTIAL UNIT TRAINING THAT PROVIDES US WITH COMBAT-READY DEPLOYABLE FORCES. THIS WILL ENTAIL CONTINUING TO PROVIDE A FORCE-ON-FORCE ENVIRONMENT, SUCH AS THAT PROVIDED BY OUR COMBAT TRAINING CENTERS, AND THE DEVELOPMENT AND FIELDING OF SIMULATORS AND NON-STANDARD TRAINING DEVICES THAT PERMIT US TO ENGAGE THE THREAT ACROSS THE SPECTRUM OF CONFLICT.

A SMALLER ARMY IS ONLY AS PREPARED AS WE HAVE ORGANIZED AND TRAINED IN PEACETIME. WE MUST CONTINUE TO SEEK WAYS TO LEVERAGE OUR TRAINING THROUGH THE USE OF TECHNOLOGY. WE ARE CURRENTLY EXAMINING WAYS OF PROVIDING A HIGHER QUALITY OF TRAINING TO THE TOTAL ARMY THROUGH THE USE OF OFF-THE-SHELF TECHNOLOGY WHICH IS PROMISING; HOWEVER, WE MUST NOT LOSE SIGHT OF THE FACT THAT QUALITY TRAINING AND ECONOMIES CANNOT GO HAND-IN-GLOVE WITHOUT THE CORRESPONDING UP-FRONT INVESTMENT.

LEGISLATIVE IMPERATIVES

AS THE FORCE IS RESHAPED, RECONFIGURED, AND COMPACTED, THERE ARE SEVERAL ARMY SPONSORED INITIATIVES THAT NEED ATTENTION TO ENSURE A SMOOTH AND ORDERLY TRANSITION. THESE PROGRAMS ALSO SUPPORT THE ARMY'S GOAL OF ESTABLISHING A CULTURE OF CARING FOR PEOPLE.

DEFENSE OFFICER PERSONNEL MANAGEMENT ACT FLEXIBILITY

OUR MOST PRESSING NEED THIS YEAR IS REVISION OF THE DEFENSE OFFICER PERSONNEL MANAGEMENT ACT (DOPMA) TO PROVIDE THE TOOLS NECESSARY TO TAILOR THE OFFICER CORPS TO MEET THE CONSTRAINTS BEING IMPOSED ON FORCE SIZE AND MISSION. IN JULY 1989 THE DEPARTMENT OF DEFENSE FORWARDED PROPOSED LEGISLATION TO YOU THAT WOULD MODIFY CERTAIN RESTRICTIONS INVOLVING THE VOLUNTARY AND INVOLUNTARY RETIREMENT OR DISCHARGE OF COMMISSIONED OFFICERS. THE PROPOSED BILL CONTAINS SIX PROVISIONS INTENDED TO FACILITATE THE OFFICER REDUCTIONS WHICH WERE INCLUDED IN THE PRESIDENT'S FISCAL YEAR 1990 BUDGET. THE RATIONALE FOR THIS BILL WAS BASED

ON LESSONS LEARNED FROM THE PREVIOUS OFFICER REDUCTIONS WHICH SHOWED THAT THE PROVISIONS OF DOPMA ARE NOT ADEQUATE UNDER CERTAIN CONDITIONS TO SHAPE THE FORCE PRUDENTLY. THIS IS PARTICULARLY TRUE WHEN LARGE REDUCTIONS ARE LEVIED WITHOUT ENOUGH LEAD TIME TO ADJUST PERSONNEL MANAGEMENT PLANS ACCORDINGLY. DOPMA IS AN EXCELLENT LAW AND WE ARE NOT SEEKING RELIEF FROM ITS INTENT. RATHER, BECAUSE DOPMA WAS NOT DESIGNED TO ACCOMMODATE LARGE, SUSTAINED, REDUCTIONS, WE ARE SEEKING ADDITIONAL FLEXIBILITY TO ALLOW US TO MANAGE THESE REDUCTIONS SMARTLY, AND TO BALANCE AND ALIGN THE ARMY OF THE FUTURE ALONG THE GOALS ESTABLISHED BY DOPMA.

NONE OF THIS LEGISLATION WAS INCLUDED IN THE FISCAL YEAR 1990 NATIONAL DEFENSE AUTHORIZATION ACT. THE NEED FOR THIS LEGISLATION HAS NOW BECOME EVEN MORE CRITICAL IN VIEW OF THE ADDITIONAL STRENGTH REDUCTIONS RESULTING FROM THE FISCAL YEAR 1990 DOD APPROPRIATIONS ACT AND THE OMNIBUS BUDGET RECONCILIATION ACT OF 1989. THESE REDUCTIONS ARE OUTLINED IN JANUARY 1990 REPORTS TO THE COMMITTEES ON ARMED SERVICES OF THE SENATE AND HOUSE OF REPRESENTATIVES.

AS A RESULT, THIS LEGISLATION IS REQUIRED PRIOR TO THE FISCAL YEAR 1991 AUTHORIZATION ACT TO ALLOW SUFFICIENT TIME FOR PERSONNEL MANAGERS TO DEVELOP AND ANNOUNCE FISCAL YEAR 1991 REDUCTIONS PROGRAMS.

THE DISCUSSION THUS FAR HAS FOCUSED ON THE NEED TO REDUCE THE NUMBER OF OFFICERS, AND LESS ON THE NEED TO PROPERLY "TIME" THE REDUCTIONS IN ORDER TO MEET MANPOWER CONSTRAINTS IN THE BUDGET AND MINIMIZE THE IMPACT ON THOSE NOW ON ACTIVE DUTY. PREVIOUS REDUCTIONS CAUSED A "BOW WAVE" OF ACCESSION GAINS AT THE BEGINNING OF THE FISCAL YEAR AND FORCED HIGH LOSSES TOWARD THE END OF THE FISCAL YEAR. IDEALLY, BOTH LOSSES AND GAINS SHOULD BE "MANAGED" TO MAINTAIN READINESS LEVELS, MEET BUDGETARY CONSTRAINTS AND MINIMIZE THE NEGATIVE IMPACT ON THE FORCE. FURTHER, APPROPRIATE CONSIDERATION MUST BE GIVEN TO THE IMPACT OF SHORT NOTICE ACCESSIONS AND SEPARATIONS ON THE OVERALL FORCE.

TODAY'S ALL VOLUNTEER FORCE IS A PROFESSIONAL ONE COMPOSED OF DEDICATED MEN AND WOMEN WHO WANT TO SERVE. WE MUST TREAT THEM WITH DIGNITY AND RESPECT IN ORDER TO KEEP THOSE WE NEED AND ATTRACT OTHERS TO SERVE AS NEEDED. REDUCTIONS MUST BE EXECUTED IN SUCH A WAY AS TO HAVE THE LEAST IMPACT ON INDIVIDUAL MEMBERS AND THEIR FAMILIES. "CUTS" MUST NOT BE MADE ON AN AD HOC BASIS, AND WHENEVER FEASIBLE, REDUCTIONS SHOULD BE ATTAINED BY VOLUNTARY MEANS TO THE MAXIMUM EXTENT POSSIBLE.

THERE ARE VOLUNTARY REDUCTION PROVISIONS IN THE PROPOSED LEGISLATION WHICH MIRROR THE INVOLUNTARY MEASURES RECOMMENDED. THESE VOLUNTARY PROVISIONS ARE ESSENTIAL TO REALIZE THE OPTIMUM NUMBER OF VOLUNTARY SEPARATIONS AND RETIREMENTS. SIGNIFICANT NUMBERS OF VOLUNTARY SEPARATIONS AND RETIREMENTS CAN BE ACHIEVED IF PROGRAMS ARE ANNOUNCED EARLY, OFFICERS ARE AFFORDED ADEQUATE TIME TO ASSESS THEIR OPTIONS AND ARRIVE AT A DECISION; AND REQUESTS ARE CONSIDERED IN LIGHT OF SERVICE REQUIREMENTS--BY GRADE, COMPETITIVE CATEGORY, BRANCH AND SKILL. IT IS MORE ADVANTAGEOUS TO THE SERVICES AND TO THE OFFICERS AND THEIR FAMILIES IF VOLUNTARY PROGRAMS ARE EMPLOYED EARLY AND RESULTS ASSESSED BEFORE INVOLUNTARY PROGRAMS ARE IMPLEMENTED. ADDITIONALLY, IN TODAY'S VOLUNTEER FORCE ENVIRONMENT, IT IS MORE IMPORTANT THAN EVER THAT OUR SOLDIERS AND THEIR FAMILIES HAVE A SAY IN THEIR FUTURE. THEY ARE AN INTEGRAL PART OF THE DECISION PROCESS. THIS PROCESS WILL REDUCE THE PAIN THAT WILL RESULT FROM ALL INVOLUNTARY SEPARATIONS, AND CAUSE THOSE OFFICERS SO SEPARATED TO BE MORE POSITIVE SPOKESPERSONS FOR THE ARMY AS THEY TURN THEIR LIVES AND ENERGIES TOWARD THE CIVILIAN COMMUNITY.

FINALLY, INVOLUNTARY SEPARATION PROGRAMS REQUIRE BOARD ACTION AND SUFFICIENT TIME IS NEEDED TO: ANNOUNCE SEPARATION PROGRAMS; REVIEW, PREPARE AND VALIDATE RECORDS; CONVENE BOARDS, ANALYZE AND APPROVE BOARD RESULTS; DISPATCH NOTIFICATIONS WORLDWIDE; AND, AFFORD INDIVIDUAL OFFICERS MINIMUM REQUIRED NOTICE PERIODS PRIOR TO MANDATORY SEPARATION OR RETIREMENT DATES. STATUTORY REQUIREMENTS AND PAST EXPERIENCE DICTATE THAT AN AVERAGE OF ELEVEN MONTHS IS REQUIRED BETWEEN ANNOUNCEMENTS AND MANDATORY SEPARATION DATES. HENCE, REQUIRED INVOLUNTARY REDUCTIONS CANNOT BE DISTRIBUTED THROUGHOUT A GIVEN FISCAL YEAR UNLESS CONGRESS GRANTS AUTHORITY (APPROVAL OF THE PROPOSED LEGISLATION) IN THE FISCAL YEAR PRIOR TO THE FISCAL YEAR IN WHICH THE REDUCTIONS MUST BE REALIZED.

CLEARLY, THE EARLIEST POSSIBLE ANNOUNCEMENT OF VOLUNTARY PROGRAMS FOLLOWED BY A LATER ANNOUNCEMENT OF INVOLUNTARY PROGRAMS WILL BEST SUPPORT BUDGETED MAN YEAR LEVELS, MINIMIZE THE NEGATIVE IMPACT ON INDIVIDUAL SERVICE MEMBERS AND THEIR FAMILIES AND ENSURE READINESS.

AS DISCUSSED EARLIER, THE ARMY IS USING REDUCTION AUTHORITY

AVAILABLE UNDER CURRENT STATUTES. DESPITE THESE ACTIONS, SEVERE PROBLEMS REMAIN AND WILL WORSEN AS THE REDUCTIONS CONTINUE. THE FISCAL YEAR 1990/1991 REDUCTION PLANS ACCOUNT FOR ABOUT 5000 OF THE ESTIMATED 14,000 OFFICER REDUCTIONS REQUIRED BY FISCAL YEAR 1994 UNDER CURRENT PLANS AND THIS COULD GO EVEN HIGHER. WHILE FORCE STRUCTURE DECISIONS HAVE NOT BEEN FINALIZED, IT IS EXPECTED THAT A LARGE PORTION OF THE REDUCTIONS WILL COME FROM THE COMBAT ARMS, LARGELY COMPRISED OF REGULAR OFFICERS. THUS, WITHOUT LEGISLATION, FISCAL YEAR 1991 AND SUBSEQUENT REDUCTION PLANS WILL REQUIRE LARGE RIFS IN THE ARMY SUPPORT INFRASTRUCTURE, WHICH IS LARGELY COMPRISED OF RESERVE COMPANY GRADE OFFICERS. THIS COHORT ALSO CONTAINS A LARGE PROPORTION OF MINORITIES AND WOMEN. ADDITIONALLY, LARGE FIELD GRADE OVERSTRENGTHS WILL FESTER FOR MANY YEARS, CAUSING CAREER STAGNATION IN THE JUNIOR FORCES. THE DEPARTMENT, THEREFORE, BELIEVES THAT THE PROPOSED LEGISLATION, SUBMITTED TO CONGRESS IN JULY 1989, IS NECESSARY FOR THE ARMY TO REDUCE AND BEGIN RESHAPING ITS FORCE PRUDENTLY.

ENACTMENT OF THIS LEGISLATION IS DESIRED PRIOR TO THE FISCAL YEAR 1991 AUTHORIZATION ACT TO: (1) BEGIN IMPLEMENTING THE VOLUNTARY PROVISIONS IN FISCAL YEAR 1990, THUS MINIMIZING THE PLANNED FISCAL YEAR 1990 INVOLUNTARY PROGRAMS; AND (2) ALLOW SUFFICIENT TIME FOR PERSONNEL MANAGERS TO DEVELOP, ANNOUNCE, AND IMPLEMENT FISCAL YEAR 1991 REDUCTION PROGRAMS THAT REALIZE STRENGTH REDUCTIONS IN A TIMELY MANNER AND MINIMIZE THE IMPACT ON MEMBERS AND THEIR FAMILIES. ADDITIONALLY, THE POTENTIAL FOR LARGER REDUCTIONS IN FISCAL YEAR 1991 THROUGH FISCAL YEAR 1994 REQUIRES THAT INCREASED MANAGEMENT FLEXIBILITY BE AVAILABLE NOW. THIS WILL ENABLE THE ARMY, TO SHAPE THE OFFICER FORCE IN A BALANCED MANNER, THUS ENSURING THE BEST POSSIBLE POSTURE FOR THE FUTURE. THE RESULT WILL BE BETTER INVENTORY ALIGNMENT IN THE ARMY AND CAREER PROGRESSION MORE IN LINE WITH DOPMA MANAGEMENT OBJECTIVES.

IN THE LONG TERM, CURRENT MANAGEMENT SYSTEMS MUST BE REFINED TO OVERCOME FUTURE OCCURRENCES OF THIS NATURE. SEVERAL MANAGEMENT INITIATIVES ARE UNDER WAY TO ADDRESS THIS ISSUE. THE ARMY HAS A LARGE COMPANY GRADE CONTENT AND SEVERE PROMOTION OPPORTUNITY AND TIMING PROBLEMS. WE ARE STUDYING THE FIELD GRADE TABLES IN TERMS OF HOW THEIR FORCE STRUCTURE CAN BE ACCOMMODATED WITH THE DOPMA FIELD GRADE TABLES AND STILL PROVIDE REASONABLE CAREER EXPECTATIONS FOR OFFICERS. ADDITIONALLY, THE HEALTH PROFESSIONS HAVE IDENTIFIED PROBLEMS WITH THE TABLES IN MANAGING THEIR PROFESSIONS. THESE SUBJECTS WILL BE ADDRESSED IN A

SUBSEQUENT REPORT REQUIRED BY THE FISCAL YEAR 1990/1991 DOD AUTHORIZATION ACT.

OTHER INITIATIVES INCLUDE AN EFFORT BY THE ARMY TO IMPROVE THE REGULAR OFFICER COMMISSIONING AND INTEGRATION PROCESS AND A LOOK AT MAKING BETTER USE OF THE REGULAR OFFICER PROBATIONARY PERIOD IN THE FIRST 5 YEARS OF SERVICE. THESE EFFORTS SHOULD IMPROVE THE DEPARTMENT'S CONTROL ON THE NUMBER OF OFFICERS MOVING INTO PROTECTED FIELD GRADE SANCTUARIES AND, THUS, AVOID THE SUBSEQUENT NEED TO DISAPPOINT LARGE NUMBERS OF OFFICERS WHO HAD LONGER CAREER EXPECTATIONS.

I WOULD NOW LIKE TO TURN TO OTHER LEGISLATIVE PROPOSALS WE FEEL ARE NECESSARY TO ENSURE A QUALITY ARMY.

WARRANT OFFICER PERSONNEL MANAGEMENT ACT

THE WARRANT OFFICER MANAGEMENT ACT (WOMA) WAS SUBMITTED BY THE DOD TO ALLOW THE SERVICE SECRETARIES THE AUTHORITY TO BETTER MANAGE THEIR WARRANT OFFICERS. AS YOU KNOW, WARRANT OFFICERS ARE NOT INCLUDED UNDER DOPMA. THE LEGISLATIVE PROPOSAL HAS SIMILAR PROVISIONS TO THE DOPMA INCLUDING: A SINGLE PROMOTION SYSTEM; A SELECTIVE EARLY RETIREMENT SYSTEM; TENURE PROVISION; AND THE ADDITION OF MASTER WARRANT OFFICER, PAY GRADE W-5 LIMITED, WHICH WOULD BE LIMITED TO 5% OF THE TOTAL WARRANT OFFICER STRENGTH.

WE NEED THIS LEGISLATION TO STEM THE EXODUS OF WARRANT OFFICERS AT 20 YEARS OF ACTIVE FEDERAL SERVICE, TO PROVIDE CONSISTENT CAREER EXPECTATIONS FOR QUALIFIED ENLISTED AND CIVILIAN CANDIDATES, AND TO IMPROVE MANAGEMENT AND UTILIZATION OF WARRANT OFFICERS. WITHOUT IT, WE WILL CONTINUE TO PREMATURELY LOSE THE EXPERIENCE AND SIGNIFICANT TECHNICAL SKILLS OF OUR MOST SENIOR WARRANTS. AT THE SAME TIME IT WILL BECOME INCREASINGLY MORE DIFFICULT TO ATTRACT AND THEN RETAIN QUALIFIED APPLICANTS TO THE WARRANT OFFICER RANKS.

RESERVE OFFICER PERSONNEL MANAGEMENT ACT (ROPMA)

BEFORE LEAVING OFFICER PERSONNEL MANAGEMENT ISSUES LET ME TALK SPECIFICALLY ABOUT OUR RESERVE COMPONENT NEEDS.

ARMY NATIONAL GUARD AND ARMY RESERVE OFFICERS NEED AN OFFICER PERSONNEL MANAGEMENT SYSTEM SIMILAR TO THAT PROVIDED BY DOPMA TO ACTIVE OFFICERS. THE ROPMA LEGISLATION FIRST INTRODUCED DURING THE 100TH CONGRESS AND REINTRODUCED LAST YEAR, WILL PROVIDE THIS SYSTEM. THE PROPOSAL INCLUDES PROVISIONS FOR

SELECTIVE CONTINUATION AND SELECTIVE EARLY RETIREMENT, FLEXIBLE ZONES FOR PROMOTION CONSIDERATION AND A BALANCE BETWEEN MANAGEMENT OBJECTIVES AND EQUITABLE TREATMENT OF INDIVIDUAL CAREER EXPECTATIONS. MOREOVER, THE ACT WOULD SUPPORT RAPID ACCESSIONS OF PERSONNEL IF MOBILIZATION WAS NECESSARY. CLEARLY THE PASSAGE OF ROPMA WOULD BE A MAJOR STEP IN CREATING A "TOTAL ARMY" FOR THE MANAGEMENT OF OFFICER PERSONNEL.

REPROGRAMMING THE FISCAL YEAR 1990 MILITARY PERSONNEL ACCOUNT

TURNING BRIEFLY TO BUDGET ISSUES, I WOULD LIKE TO DISCUSS OUR PROPOSAL TO REPROGRAM THE FISCAL YEAR 1990 MILITARY PERSONNEL ACCOUNT (MPA).

THE FISCAL YEAR 1990 GRAMM-RUDMAN-HOLLINGS SEQUESTRATION OF MPA WAS DETERMINED TO BE $338M IN NOVEMBER 1989. THIS WAS IN ADDITION TO OTHER CONGRESSIONALLY MANDATED CUTS OF $216M. THIS TOTAL REDUCTION OF OVER A HALF BILLION DOLLARS ($554M) IN ADDITION TO THE NECESSITY TO ABSORB $95M IN CONGRESSIONALLY AUTHORIZED BUT NOT APPROPRIATED ENTITLEMENTS (INCREASED FLIGHT PAY AND MEDICAL PAYS AND DOUBLE DISLOCATION ALLOWANCE FOR PERMANENT CHANGE OF STATION) CREATED A TOTAL BILL OF $649M. THIS REQUIRED A FORCE REDUCTION OF 20,000 SOLDIERS AND OTHER PROGRAMMATIC REDUCTIONS SUCH AS CONTINUED NONCOMMISSIONED OFFICER UNDERMANNING. OTHER OPTIONS CONSIDERED FOR CUTS BUT FOUND UNACCEPTABLE BY THE ARMY INCLUDED: (1) REDUCING OFFICER AND ENLISTED PROMOTIONS BY 50% FOR THE PERIOD 1 JANUARY TO 1 SEPTEMBER 1990; AND (2) AN INVOLUNTARY ENLISTED PERSONNEL EARLY RELEASE PROGRAM FROM 1 FEBRUARY TO 30 SEPTEMBER 1990. TO AVOID THESE ALTERNATIVES CONGRESS HAS BEEN ASKED FOR AUTHORITY TO REPROGRAM $232M. IF REPROGRAMMING IS DENIED THEN AT THIS LATE DATE THE FOLLOWING ACTIONS WOULD BE NECESSARY TO GENERATE THE NECESSARY SAVINGS WITHIN THE SHORT REMAINING TIME OF THE FISCAL YEAR: (1) A FOUR MONTH FREEZE OF LONG TOUR ROTATIONAL PERMANENT CHANGE OF STATION (PCS) MOVES EFFECTIVE 1 JUNE 1990; (2) A NINETY DAY WORLDWIDE EARLY RELEASE PROGRAM EFFECTIVE 1 JUNE 1990; (3) A FIVE MONTH OFFICER AND ENLISTED PROMOTION FREEZE EFFECTIVE 1 MAY 1990; AND, (4) REDUCTIONS OF END-STRENGTH THROUGH ACCESSIONS MISSION CUTS OF OVER 20,000. I BELIEVE THE REPROGRAMMING REQUEST IS CLEARLY THE BEST ALTERNATIVE FOR OUR SOLDIERS, THEIR FAMILIES, AND THE ARMY. THE ALTERNATIVE SAVING MEASURES WOULD CAUSE CONSIDERABLE PERSONNEL TURBULENCE AND DISRUPT AN ALREADY REDUCED TEMPO OF PROMOTIONS. MORALE WOULD BE ADVERSELY IMPACTED BY THESE

UNPOPULAR OPTIONS. IN ADDITION, UNIT READINESS WOULD BE GREATLY REDUCED AS WE TAKE TRAINED SOLDIERS OUT OF UNITS EARLY, STOP PROMOTIONS, AND INCREASE THE NCO SHORTAGE AND CONSTRICT THE FLOW OF REPLACEMENTS. THE CUMULATIVE EFFECT WILL BE TO UNDERMAN THE ARMY BY 1 AND 1/2 TIMES AS MUCH AS IN THE LATE 1970'S! LATE BREAKING REQUIREMENTS TO CUT ACCESSIONS WILL ALSO FORCE US TO BREAK ENLISTMENT CONTRACTS. THIS WILL DAMAGE THE ARMY'S CREDIBILITY, AND UNDERMINE FUTURE RECRUITING EFFORTS.

TRANSITION MANAGEMENT

BEFORE CONCLUDING, LET ME REFLECT FOR A MOMENT ON THE ISSUE OF TRANSITION MANAGEMENT.

SINCE 1986 THE ARMY HAS RECOGNIZED THE HIGH PROBABILITY OF A SIGNIFICANT NATIONAL LABOR SHORTAGE BEGINNING IN THE YEAR 2000. TO ADDRESS THE ISSUES MANIFEST IN A CONSTRAINED LABOR FORCE ENVIRONMENT, THE ARMY ESTABLISHED THE TRANSITION MANAGEMENT (TM) PROGRAM. THE SPECIFIC OBJECTIVES OF THE PROGRAM INITIALLY IDENTIFIED WERE: (1) TO ENHANCE TOTAL ARMY RETENTION; (2) TO REDUCE ARMY UNEMPLOYMENT INSURANCE COSTS; (3) TO FACILITATE SKILL TRANSFER TO THE RESERVE COMPONENTS OR THE CIVILIAN WORK FORCE IN IMPORTANT SUPPORT FUNCTIONS; AND (4) TO FACILITATE PRIVATE SECTOR EMPLOYMENT AND EDUCATION ENROLLMENT OF TRANSITIONING SOLDIERS. THOUGH WE ELIMINATED FUNDING FOR TRANSITION MANAGEMENT IN MARCH 1989, THE NEED FOR THE PROGRAM REMAINED. WE HAVE REFINED TRANSITION MANAGEMENT PLACING THE PROGRAM IN THE HANDS OF FIELD COMMANDERS. SOLDIERS ARE CURRENTLY BEING ASSISTED BY THEIR LOCAL INSTALLATION STAFFS, WITHIN LIMITED RESOURCE CONSTRAINTS, IN TRANSFERRING FROM SOLDIER TO PRIVATE CITIZEN. WE ARE CONTINUING TO REVIEW THE TRANSITION MANAGEMENT PROGRAM CONCEPT AND BELIEVE IT HAS MERIT FOR THE INDIVIDUAL SOLDIER, THE ARMY AND THE OTHER SERVICES, AND THE NATION AS A WHOLE. THE DOD CURRENTLY HAS A WORKING GROUP REVIEWING THE ISSUES RELATED TO TRANSITION MANAGEMENT. THIS IS AN IMPORTANT STEP TO ENSURING THAT SOLDIERS INVOLUNTARILY SEPARATED IN THE NEAR TERM, AS WELL AS THOSE COMPLETING FULL TERMS OF SERVICE, ARE EFFECTIVELY ADDED TO THE NATION'S WORK FORCE. IMPORTANTLY, WE ARE INVESTIGATING SIMILAR STEPS FOR OUR CIVILIAN WORK FORCE.

CONCLUSION

THE TRANSFORMATION OF THE ARMY DURING THE DECADE OF THE 1990'S WILL BE CHALLENGING. MOST IMPORTANTLY IT WILL BE DIFFERENT FROM ALL PREVIOUS REDUCTIONS IN ONE MAJOR ASPECT--WE ARE NOT DEMOBILIZING A CONSCRIPTED FORCE CALLED TO DUTY IN AN

INTERNATIONAL CRISIS. OUR ACTIONS WILL BE WITH A VOLUNTARY FORCE BROUGHT INTO THE SERVICE OF THEIR NATION UNDER CONTRACT. THESE SOLDIERS HAVE SERVED PROFESSIONALLY AND PROUDLY. MANY SACRIFICES HAVE BEEN MADE BY BOTH SOLDIERS AND THEIR FAMILIES. WE OWE THEM THE GRATITUDE OF THE NATION. REDUCTIONS IN FORCE, INVOLUNTARY SEPARATIONS, EARLY RETIREMENT AND OTHER PERSONNEL MANAGEMENT PROGRAMS MUST BE EXECUTED WITH THE DIGNITY AND WELL BEING OF THE INDIVIDUAL IN MIND. THESE SAME ATTRIBUTES SHOULD ALSO BE THE HALLMARK OF ANY REDUCTIONS NECESSARY IN OUR CIVILIAN WORK FORCE. THE PEOPLE WE ARE LOSING ARE THE VERY PEOPLE THAT FORGED OUR STRONG MILITARY DETERRENT POSTURE. THIS STRENGTH SERVED AS THE CATALYST FOR THE CHANGES THAT ARE MOVING US AWAY FROM CONFRONTATION TOWARD PEACE. IT IS OUR PEOPLE WHO HAVE MADE THE INVESTMENT IN TERMS OF PERSONAL SACRIFICE AND COMMITMENT TO AN ARMY OF EXCELLENCE WHO ARE IN NO SMALL WAY DIRECTLY RESPONSIBLE FOR THE DIVIDEND BEING PAID TODAY, THE DIVIDEND OF PEACE. PRUDENT AND CARING MANAGEMENT OF THE RESHAPING OF THE ARMY WILL PAY A DIVIDEND BY ALLOWING US TO CONTINUE TO ATTRACT AND RETAIN A QUALITY FORCE FOR THE FUTURE.

THANK YOU FOR YOUR TIME TODAY MISTER CHAIRMAN. I AM PREPARED TO ANSWER YOUR QUESTIONS.

Senator GLENN. Thank you. Mrs. Pope.

STATEMENT OF HON. BARBARA SPYRIDON POPE, ASSISTANT SECRETARY OF THE NAVY, MANPOWER AND RESERVE AFFAIRS

Mrs. POPE. Mr. Chairman, thank you. It is a pleasure to be here today to discuss Navy and Marine Corps manpower issues. I do have just a few brief opening remarks.

I would like to start by saying that we all talk a great deal about people being our number one issue and our number one priority. And I think before us, we have an opportunity to do something about that. We have an opportunity to work together to prove to our sailors and marines just how important they really are by supporting the reprogramming actions.

Because of this committee's support, the Department of Navy has come a long way. We have been experiencing the best years of recruiting, our best retention, and we now experience the highest-quality sailors and marines in our history.

We know we are getting smaller. We know what the future is holding for us as far as size. But we need to do it smart, and we need to do it in a right manner. We need to do it in support of reduced force structure and not separate from force structure. We need to manage those reductions and not do that in a haphazard way of cutting our forces and negatively impacting our readiness.

We need to be careful what message we send to our sailors and marines. They do not understand how or who is responsible in Washington, but there is a lot of talk about their being our number one priority. And, to them it is just talk if their benefits or careers or personal lives are negatively impacted.

The issues in the All-Volunteer Force are very different, and that is, how we keep our well-trained, highly qualified people. The E–5 fire control technician on the 6th Fleet Navy frigate is anxious to get home and meet his son or daughter for the first time. And what does that young marine who is finishing an unaccompanied tour in WESTPAC think about his not being able to rejoin his family sooner? Are we sending them the message that we do not care and that their personal lives and their quality of life and their families are not important to us?

How will that young lieutenant who is standing the late watch on the bridge of a cruiser, working hard for that promotion, find out that that promotion is going to be delayed and that our promises to him are being violated? That we are breaking our commitment to that young sailor or marine.

Will a lack of money for selective re-enlistment bonuses cause us to lose more than we can afford those critical, highly trained technicians especially key to aircraft maintenance. They do not understand how or what is happening. But they are the ones who will feel the results.

The issue to you and to me is reprogramming. And we both believe that our sailors and marines are important. The larger issue is their careers, their futures, and their stability. It is pay, delayed moves, extended tours, delayed advancements, lack of bonuses, and negative impacts on their personal lives.

Not only is it the lack of stability for our sailors and marines but also for their families, their quality of life, their ability to provide for their families. It is the reduction in readiness which occurs when we break faith with our people.

Mr. Chairman, thank you.

[The prepared statement of Mrs. Pope follows:]

STATEMENT OF
MRS BARBARA SPYRIDON POPE
ASSISTANT SECRETARY OF THE NAVY
(MANPOWER AND RESERVE AFFAIRS)

Mr. Chairman and members of the Subcommittee:

It is a pleasure to appear before you to discuss the vital subject of personnel issues which effect our naval forces and our strategy for the Navy and Marine Corps in the 1990's. I have with me VADM J. M. Boorda, Deputy Chief of Naval Operations for Manpower, Personnel and Training, and LTGEN N. H. Smith, Deputy Chief of Staff for Manpower and Reserve Affairs.

Force Posture Overview

For the past four decades, U.S. defense planners have focused on the Soviet Union and Warsaw Pact as one of the most likely and serious threats to this nation's security. The United States has developed its national strategy and supporting force structure, in concert with our allies, to deter and contain this threat.

Now, as evidenced by the kaleidoscopic events occurring in Eastern Europe - the opening of the Berlin Wall, the emergence of independent political parties, the ouster of totalitarian regimes, the internal turmoil in the Soviet Union - the threat appears to be diminishing; it is at least certainly changing. "Brinksmanship" and "confrontation" have been displaced in the jargon of East-West relations by "perestroika" and "glasnost." As a result, today's planners lack the well-defined and generally accepted threat of their predecessors - the so-called "evil empire" of the Soviet Union and Warsaw Pact nations - and face an uncertain new strategic environment with constantly shifting political and military relationships. We view with cautious optimism the continuing move toward democracy and will carefully monitor the direction of the dynamic changes in Eastern Europe.

It is important, from the standpoint of national security, to remember that **the United States is first and foremost a maritime nation**. Many of our most vital interest areas cross oceans (- our principal allies, leading trading partners and major sources of critical raw materials are all overseas) This geographic reality makes naval forces uniquely valuable to the nation. Their mobility, staying power, and ability to influence events ashore not only contribute to deterrence but the Navy-Marine Corps team provides the most versatile and flexible force for presence and regional response in an uncertain world.

This utility is not simply theoretical. Since 1980, naval forces have been the force of choice no fewer than 50 times when our interests have been threatened overseas - in Lebanon, Grenada, Libya, and the Persian Gulf, for example. Where the potential for interruption of necessary resources occurs, where the safety of American citizens is involved, or when regional stability is dependent on an American presence, maritime forces will be required. They provide decision-makers the essential tools for the development and execution of national policy - flexibility of action; immediacy of resources; diversity of capability; and, ambiguity of intent until a final decision is made.

In addition, the mobility, flexibility and self-sufficiency of naval forces make them well suited for less traditional missions. They are a principal element in the Department of Defense's commitment to counter the production, trafficking and use of illegal drugs and are involved in every facet of this critical effort - surveillance, identification, interdiction. In 1989, naval forces steamed over 2,000 ship-days and flew 9,000 flight hours in support of Law Enforcement Operations in coordination with the U.S. Coast Guard, the Drug Enforcement Agency (DEA) and other federal agencies. Active and Reserve Marines, working in coordination with the Immigration and Naturalization Service, the Border Patrol and DEA, conducted joint training, counter-narcotics surveillance operations along the southwest border of the United States, and pre-deployment training for DEA agents. These combined efforts by Sailors and Marines are taking action to prevent, disrupt and deter illegal drug use.

Naval forces also contribute to our ability to respond when ecological or natural disasters strike. The Navy provided amphibious ships, with Marines embarked, to be used in the cleanup of the massive oil spill off Valdez, Alaska. These ships were used as command and control centers and to berth cleanup crews. In addition, the Navy provided a wide variety of oil skimmers, towboats, oil containment booms, landing craft and several communications vans. Following Hurricane Hugo, Navy ships were promptly on the scene providing electric power, fresh water and volunteer assistance in St. Croix, Puerto Rico, and Charleston. Naval forces also provided rescue and medical assistance, vital utilities, and volunteer manpower in the aftermath of the Oakland-San Francisco Bay area earthquake.

Strategic Approach to Manpower Management in the 1990's

As we enter the decade of the 1990's the Department of the Navy's current force posture is one of both high personnel readiness and stabilized retention. However, we also see increased competition for quality accessions, and a lean shore establishment which makes it difficult to maintain sea/shore rotation ratios for the Navy. Our sea/shore rotation must be enhanced by carefully considering where and how we make our force reductions.

Within this environment the Department of the Navy has taken a strategic approach to manpower management in the 1990's. This strategic approach will:

- sustain personnel readiness for Marines and Sailors to the maximum extent possible through policies that encourage manpower stability,
- improve the quality of active and reserve manpower by increasing the experience level of our sea service personnel,
- maintain retention of critical skills by enhancing the sea/shore rotation for our sailors,
- protect Selected Reenlistment Bonuses and Permanent Change of Station

accounts for our Sailors and Marines, and, with congressional help, make compensation competitive with the private sector for all our personnel,

- maintain sufficient strength to maintain overall fleet manning, including necessary enroute training for our Sailors and Marines,
- maintain sufficient officer strength to foster professional warfare training and to ensure the high quality mix necessary to support joint requirements.

Force Reduction Guidelines

As a drawdown of forces occurs the Department of the Navy will protect Fleet and Fleet Marine Force readiness, the quality of life for our Sailors and Marines, and the manpower pay and allowances accounts. This is necessary if we are to sustain any of the gains made in the past decade and maintain a quality core fighting force on which to build if the world situation should change. In order to enhance the management of the force in this dynamic environment, the Department of the Navy supports greater DOPMA flexibility. To these ends the Department of the Navy will:

- protect force readiness in the near term by protecting quality people who wish to stay,
- maintain sufficient accession levels to preclude a "hollow force" in the future,
- manage officer accessions and retention to provide correct grade/quality mix,
- improve recruit quality to reduce attrition and ensure long term readiness,
- rebalance enlisted skill mix using existing force management tools.

REPROGRAMMING ACTION

The execution of the above guidelines require the application of sound personnel management techniques. These techniques are predicated on the Congress approving the reprogramming request for the manpower accounts. Without the reprogramming the Navy and Marine Corps will be forced to take actions that are not in the best interests of the Nation or perhaps more importantly, those Sailors and Marines of the volunteer force that are sworn to protect the Nation. The result of these actions will be catastrophic. If reprogramming is denied, on 1 May 1990 the following actions will be necessary to generate the dollar amounts required.

Navy

o Delay all NROTC Commissionings until 30 September 1990 (1,303 officers)

o Promotions/Advancement Freeze (38,200 officers/enlisted)

o Cease SRB Program 1 May (9,655 reenlistments)

o Cancel PCS moves (14,000 officers and enlisted)

o Involuntary Early Release 1 June (12,500 officers and enlisted)

o Eliminate May recruiting (5,300 personnel)

o Reduce Officer/Enlisted end strength 1 June (9,500 personnel)

Marine Corps

o Delay NROTC/PLC Commissionings until 1 October 1990 (582 officers)

o Cease SRB Program 1 May (2,097 reenlistments)

o Cancel PCS moves (6,946 officers and enlisted)

o Involuntary Early Release (6,153 from FY 1990/4,129 from FY 1991)

o Reduce Officer/Enlisted Accessions (6,459)

In one year we will have re-created the hollow force of the 1970's. The Department of the Navy will be severely under-strength. Retention could fall to an all time low due to major imbalances in manning and the loss of any credible ability to provide career protection to our people. We lose our ability to shape the force; to retain those in needed skills and to keep the correct occupational mix. We lose precisely the people who will opt to use their skills elsewhere. The precipitous end strength loss could result in a sharp decline in Fleet and Fleet Marine Force readiness, due to the loss of these skilled people and our inability to access and train replacements to cover the losses. The holes created in the force structure would be felt through FY-91 and beyond. We would simply not have enough people to man the force.

Personnel Achievements and Challenges

Compensation

The challenge ahead will be to maintain sufficient forces to successfully execute these missions - the traditional and the emerging - in the face of declining fiscal resources. The distinctive characteristics of naval operations make the service of our sailors and marines the most demanding in the Department of Defense. **The Department of the Navy's highest priority is our Sailors and Marines.** In order to ensure the retention of the high quality force that we have today, we must endeavor to close the gap between military and civilian wage growth. Fair compensation and benefits as well as the perhaps less tangible package we term "**Quality of life**" are fundamental to maintaining the competent, professional force the Nation requires and deserves. Our paramount commitment is to our single and married Sailors and Marines. Our world-wide national obligations are hard on our Navy and Marine Corps personnel and their long-suffering families. We must maintain adequate forces so that our current Personnel Tempo standards can be maintained while still carrying out tasking in support of national security policies.

The new Aviation Career Incentive Pay (ACIP) program is proving to be a valuable tool in retaining our Aviators. Although still early in the fiscal year, Navy pilot losses are down by nearly twenty four percent for the first quarter as compared to last year. ACIP will also have a positive impact on Marine Corps aviation retention rates but it is too early to see the benefits. The Selective Reenlistment Bonus (SRB) remains the most cost effective method of retaining Sailors and Marines with the technical skills most in demand. Our personnel accounts must be funded to ensure that promotions remain timely, our people are able to be transferred as they progress through their careers, and they can maintain a standard of living comparable to their civilian counterparts. VHA is a example of a flexible program which has had a major impact on the quality of life of our Sailors and Marines. We are beginning the process of re-evaluating the total compensation package in the 7th Quadrennial Review of Military Compensation. As we move to a smaller force in the 1990s, our quality of personnel must improve to ensure a cadre on which to rebuild should world events warrant.

Health Care

An important facet of our readiness and personnel satisfaction is Navy Medicine. High quality, accessible health care is a critical factor in quality of life. While our problems have not been solved, we are continuing to make progress as we implement the findings of the Blue Ribbon panel. Our twofold goal is (1), increased access to quality care, and, (2) avoidance of unnecessary, expensive CHAMPUS costs. Contracting, internal and external partnerships, and additional NAVCARE clinics have improved access to primary and specialty care. Increased funding for medical equipment has improved both diagnostic and therapeutic capabilities in our treatment facilities. Although administrative and clerical manning has improved, additional staffing of these functions is required. Health care providers can become more productive as additional help is provided to lift the "paperwork burden" from the clinicians. Retention of medical officers and other care providers has improved. Recruiting efforts have intensified. The Medical Corps on board strength is greater than it has been in years. Graduate Education Programs have full accreditation and have realized increased applications in the past year. Development of Managed Care Plans and hospital catchment area management initiatives will provide maximum access to care and reduce CHAMPUS costs. Our wartime readiness posture is being enhanced by the increased availability of the hospital ships, deployable fleet hospitals, and fleet surgical teams.

Defense Management Review

The Defense Management Report affects all facets of the Department's Acquisition system including the people we assign the responsibility to for the procurement of our new systems. Substantial changes will be made in the Navy's Materiel Professional program and the Marine Corps' Acquisition Management Officer program. Officers will be identified not later than ten to twelve years into their careers and will thereafter be managed intensively to prepare for key senior acquisition assignments. This intensive management will include graduate education, acquisition assignments ashore, and acquisition-related operational assignments -- including command -- through the O-5 level. We will simultaneously strengthen our civilian Materiel Professional program through competitive selection of mid-level executives with proven superior performance; required education, rotational assignments, and management development; and advanced certification for eligibility to serve as major program managers or program executive officers.

Recruiting

Recruiting will be a serious challenge throughout the 1990s. The manpower pool is diminishing as is the technical skill of our youth. While our goals have been met for ten straight years, competition from the private sector continues to grow. In enlisted recruiting, Navy has successfully exceeded new contract goals every month this fiscal year with 104.9 percent of the planned goal. The Marine Corps has been equally successful in achieving 104.6 percent of planned goal. While our Navy Delayed Entry Program (DEP) pool has been increasing for the first time since FY 1987, we must continue to make significant progress to achieve a healthy DEP posture. First quarter results are good and moving in the right direction although it is still too early to predict the final outcome of this year's efforts. Marine Corps DEP continues its strong performance, beginning fiscal year 1990 with 55 percent of enlisted force requirements in the program. Failure to adequately fund manpower accounts, however, will bring to a virtual halt these positive trends. Personnel initiatives and recruit advertising must continue in order to attract the bright young people we need to man the highly technical billets in the Navy and Marine Corps.

Joint Service/Professional Military Education

The unique nature of naval forces, characterized by forward deployments and rigorous operating schedules, makes efforts to fully staff both Joint Service and Professional Military Education billets particularly difficult. These difficulties are compounded in the Marine Corps due to the inadequacies of their field grade authorizations. The conflicting requirements of manning the fleet and meeting our Joint Service obligations have stretched our officer corps to the limit. We must maintain adequate officer strength to sustain war fighting proficiency as well as educating our best and brightest officers and sending these officers to fully support our Joint commands.

Boundaries of Change

The challenge is a difficult one - to fully man a Maritime force capable of meeting the myriad of world-wide taskings continually laid on it by the National Command Authority. We cannot reduce manpower independent of force structure reductions. The crew to properly man a combat ready warship cannot be built overnight. We cannot return to the days of hollow forces, ships without crews, squadrons without pilots, battalions without marines. Our reductions must be reversible and reversible in short order.

Total Force

The Department of the Navy has the processes in place to meet this challenge successfully, within prudent limits, in the form of its Total Force approach to managing force structure. The objective is adequate force structure for deterrence - and if deterrence fails, for war - all at an affordable cost.

The Navy has developed a Total Force of approximately 1.4 million personnel in four elements: Active Duty, Selected Reserve, Pre-Trained Individual Manpower (PIM), and Civilian.

The two principal war fighting elements are the Active Duty and Selected Reserve components. The Active Duty forces are sized to meet normal peacetime requirements, including low-intensity crisis/contingency response. The Selected Reserve represents the difference between the trained manpower needed at the start of a conventional war and the limited Active Duty Navy we can afford to maintain in peacetime. This component is trained and equipped for war but is only available on a part-time, voluntary basis during peacetime unless recalled under the appropriate statute.

In FY 1989, the Navy was directed to transfer an additional twenty four FF-1052 class frigates to the Naval Reserve beginning with four transfers in FY 1990 followed by six in FY 1991. This action appreciably increases the protection of shipping role of the NRF and will place approximately thirty six percent (thirty six ships) of Navy's convoy escorts in the Reserves by the end of FY 1991. Manpower reviews indicate that by adjusting Active Duty, TAR, and SELRES personnel assets, the transfers can be accomplished without significant increases in Selected Reserve end-strength. Following transfer of the first ten KNOX class frigates, the manpower situation will be reviewed to ensure the continued viability of the transfer of the remaining ships. Each addition to the reserve fleet is manned with a active cadre crew of approximately sixty to seventy percent.

The civilian element of the Navy provides full-time, essentially non-mobile, administrative, technical and industrial support in those areas where military personnel are not required.

For the Marine Corps, Total Force assets include over 300,000 active duty Marines, reserves, civilians and retirees. Active Duty Marines, flexibly organized in Marine Air Ground Task Forces (MAGTFs), support the Navy/Marine Corps team by providing expeditionary forces prepared for immediate response to low and mid-intensity conflicts without augmentation or reinforcement from the Marine Reserve. The Selected Marine Corps Reserve is trained, equipped and ready to reinforce active forces in high-intensity conflict or General War. The Individual Ready Reserve (IRR) will further augment active and reserve forces during mobilization. Also, the Marine Corps is supported in both the active and reserve components by a force of talented, dedicated civilian employees whose efforts contribute significantly to the readiness of the Total Force.

The goal of the Department of the Navy's Total Force policy is total preparedness for immediate response to National security threats. Active duty and reserve forces of the Navy and the Marine Corps, supported by an effective civilian work force, are structured, equipped, and trained to fight as an integrated team in all levels of the conflict spectrum.

Summary

In summary, if properly managed, force level reductions and the related drawdown of personnel can yield a high quality and experienced Navy and Marine Corps. This force will be sustainable through the end of the century. It will be smaller, less expensive and properly tailored to meet a changing world environment. Most importantly, this force will provide for reversibility if world events so dictate.

Senator GLENN. Thank you. Mr. Cooper.

STATEMENT OF HON. JEROME G. COOPER, ASSISTANT SECRETARY OF THE AIR FORCE, MANPOWER, RESERVE AFFAIRS, INSTALLATIONS AND THE ENVIRONMENT

Mr. COOPER. Thank you very much, sir.

Mr. Chairman, Senator McCain, thank you for the opportunity to appear before you today.

As I began to develop this very brief statement, I could not help but remember the faces of young Americans I served with in Vietnam, and also those I have recently met at Lackland and Randolph Air Force Bases. I remember too an old saying, promises made in the storm are often forgotten in the calm.

I hope that as we go through these deliberations today, we remember the young men and women willing to give all who have answered the call of the All-Volunteer Force. They have heard that they should aim high, be all that they can be, be one of the few and move at full-speed ahead. That they could get medical care, get meaningful training, and we have told these young Americans that there could be college assistance and a military career in their future.

These were promises made by all of us to a trusting youth. These promises were made in the storm during the time of our concern for our national safety. Now that we perceive a calming period, do we forget these promises? I certainly hope not.

Be assured that in the Air Force, we know that our strength must be reduced. We know that our force structure must be changed and reduced. We also know that, overall, our officers, the number of them, must be reduced, junior officers, field grade and general officers, too.

I pray that we will be permitted to plan and very systematically make these reductions in our force. Let us not forget promises made in a storm in a time that we perceive to be a period of calm. I hope that we will not break faith with this generation of Americans.

Thank you very much.

[The prepared statement of Mr. Cooper follows:]

PREPARED STATEMENT OF MR. JEROME G. COOPER
ASSISTANT SECRETARY FOR MANPOWER
RESERVE AFFAIRS, INSTALLATIONS AND THE ENVIRONMENT

Mister Chairman, thank you for the opportunity to appear before this subcommittee. Today I will discuss the challenges facing the Air Force in response to the current fiscal climate, driven in large part by the reforms underway in the Soviet Union. While we are entering the decade with the hope of sustaining peace, we are mindful of the fact that to insure peace, we must maintain a sufficient level of readiness and security. What that sufficient level is and how we attain it will be a challenge for the Air Force, the Department of Defense and Congress.

To meet that challenge, we must determine and then support the appropriate mix of total force--Active, Reserve, Guard and Civilian. We must insure that the units in the total force which will be the first to fight--whether active or reserve--get priority in resource allocation. We must insure that in managing the life cycle of the total force we do not precipitously reduce our present state of capability and readiness. Undoing past gains made in this arena will only harm our future posture.

As we enter the 1990's, maintaining a smaller force of quality, committed people underscores the challenges we will face in responding to peacetime workload and wartime missions. Regarding the Air Reserve Components, our goal is to continue bolstering their overall mission readiness, since they will represent an increasingly vital part of our war fighting capability. In addition, an accurate assessment of the appropriate total force mix will be critical as we face active force restructuring and active military and civilian force reductions.

While we are committed to making these assessments and changes in a timely fashion, current FY 90 Congressional budget reductions and the impacts of the Gramm-Rudman-Hollings Act sequestration, coupled with continuing budget deficits, are driving rapid reductions beyond our ability to insure sufficient studied consideration, thereby jeopardizing our ability to insure adequate readiness and security. These actions reduce Air Force military end strength to its lowest in 40 years. In the FY91 amended President's Budget (PBA), Air Force end strength reflects a decrease of about 38,000 military between the FY 90 level requested in the FY 90 PBA and the level programmed for FY 91. Slightly more than half of this reduction is associated with force structure/program reductions and includes base closure initiatives, the restructure of Air Force Logistics Command and Air Force Systems Command, and the deactivation of B-52 aircraft at Andersen AFB. The remaining reductions (nonprogrammatic) are in anticipation of the eventual signing of a Conventional Forces in Europe treaty and START. Thus, the programmed military end strengths for FY 90 (PBA) and FY 91 (PBA) are 545,000 and 530,000 respectively.

As we transition to a smaller force, we need to take a number of carefully planned actions to insure we emerge as an effective, efficient organization. The Air Force's reduction game plan includes a balance of accession reductions, voluntary early release programs, and a slowdown in permanent change of station moves. We intend to maximize voluntary measures such as early releases, but we realize this may not be enough--particularly if reductions are accelerated beyond our capability to absorb them without longterm negative affects on the force. For these reasons, we cannot overstress that large cuts in strength levels cannot solely be met by slowing--or stopping--the flow of new lieutenants and airmen; the life cycle of the force must be maintained in order to sustain a relatively balanced, efficient team. A continued flow of accessions is necessary to provide our leaders and technicians of the future. Equally important is career force management. This will require unique and farsighted entitlements packages focused on recruiting and retention shortfalls to insure we can compete in the technical job market to attract and keep the resources needed to perform our mission in the lean times ahead. Examples of such programs include nurse and physician bonuses, selective reenlistments bonuses, flight pay, and continued support for morale, welfare and recreation.

Although we have largely used voluntary measures to reduce the force to date, we will require Congressional support to effect future unprecedented force structure cuts. Those we have proposed include allowing officers to voluntarily retire prior to fulfilling their total commitment for promotion and permitting officers with prior enlisted service to retire after eight years (vs ten) commissioned service. Support for these measures will allow us to meet Congressionally mandated end strengths in a rational manner, while remaining committed to the people who have committed themselves to the Air Force.

Civilian employees, as an equally viable part of the total force, are also our concern. The change in civilian end strength between the FY 90 level requested in the FY 90 PBA and the level programmed in the FY 91 PBA, reflects a reduction of about 3,600 spaces and incorporates base closure initiatives, a reduction in base operating support, and those adjustments associated with force structure changes. With respect to civilian personnel management, we believe the Defense Management Review (DMR) is an essential basis for enacting remedial legislation to put in place a more competitive and flexible personnel system. The report emphasizes such changes as granting agencies the authority to directly hire personnel, providing recruitment and retention bonuses, and facilitating productivity/gainsharing programs. While these proposal will largely be the focus of civil service committees, we believe your active support will be critical in gaining enactment in this session of Congress.

In closing, to meet the challenges of this decade and emerge with a force capable of meeting our Nation's defense needs in the 21st century, we must continue our course of vigilance. As we proceed, we should not forget the words of President Truman during his address before a Joint session of Congress, March 12, 1947: "The free people of the world look to us for support in maintaining their freedoms. If we falter in our leadership, we may endanger the peace of the world--and we shall surely endanger the welfare of our own nation. Great responsibilities have been placed upon us by the swift movement of events."

The men and women of the Air Force need your support if we as a nation hope to meet those great responsibilities.

Senator GLENN. Thank you very much, all of you. Good statements.

Mr. Jehn, we will start off with you this morning. The most important concern you have, obviously, from your statements and one of our major concerns also, is what will happen to the reprogramming request of the services to transfer 830 million in funds into the military personnel account in fiscal year 1990.

I agree with Mrs. Pope and Mr. Cooper as to how this thing is viewed, that promises made have to be promises kept. Yet the Congress does not take the lead in budgeting. That is the President's job.

Would the reprogramming be necessary if the President had chosen to exempt the military personnel accounts from Gramm-Rudman-Hollings sequester?

Mr. JEHN. It would not have been, but let me address why it was not back in August. As you know, maintaining a quality force and being good to people means more than just protecting morale, welfare and recreation funds, or protecting pay and benefits. It also means creating an environment in which people can enjoy a challenging and satisfying career, professional development, and so on.

Back in August, the exact extent of the sequestration order was not understood. There were no authorization bills signed as yet, and the possibility loomed that, if we had exempted the military personnel accounts, all the other accounts would have been impacted to such an extent that we would have had an anomalous situation. We would have our full complement of people, but not enough money to allow them to train and to exercise at the levels we thought appropriate.

Senator GLENN. And the tradeoff was looked as being whether we dealt with our people, or with the O&M accounts? Is that right?

Mr. JEHN. No, sir. The tradeoff was whether we should protect personnel accounts and wind up with what amounted to an imbalanced budget, where we had personnel——

Senator GLENN. Imbalanced in what areas? That is what I want to know.

Mr. JEHN. Imbalanced in the sense that there would be extreme shortages of things like spare parts, fuel to support flying hours and steaming hours and——

Senator GLENN. So the decision was made to sacrifice the people for spare parts and steaming hours, is that right?

Mr. JEHN. No, the decision was not made to sacrifice the people. In fact, once the full extent of sequestration was made obvious, as you will recall, in October, and we understood what the exact nature of the problem was, we came forward to the Congress and asked for $6 billion in transfer authority.

Senator GLENN. Are not these accounts always a balance between these things? In every previous year, we have automatically exempted military personnel accounts from sequester.

Mr. JEHN. That is right. And my understanding is that in previous years, the extent of the sequester was such that it made sense to do it early. This year it was judged—the Secretary made the judgment that it was not.

Senator GLENN. Was the President aware of the effect the sequester would have on military personnel, if what has happened did happen?

Mr. JEHN. I imagine so.

Senator GLENN. You imagine, did he or did he not?

Mr. JEHN. My expectation is that he was told that this was part of the discussion at the time, as to whether to request exemption for the military personnel accounts back in August.

Senator GLENN. Did the Department of Defense specifically recommend to the President that military personnel accounts be exempt from sequester?

Mr. JEHN. No, it did not. That is my understanding.

Senator GLENN. DOD did not recommend that.

Mr. JEHN. That is right, for the reasons I just stated.

Senator GLENN. Well, this is a little hard to believe, right from the Secretary of Defense, right on down. We talk about personnel, our most important factor in our military, and how we have upgraded them, how they are better trained, how they are the finest people we have ever had. And the personnel accounts would seem to me to be the most important accounts. And yet they are not protected, and DOD did not even recommend to the President to protect them, as had been done every other year. Is that correct?

Mr. JEHN. Well, that is one way of looking at it. But the fact of the matter is, at the time the decision was made, in August, by the Secretary and the President was not to exempt the personnel accounts because it would disrupt the budget and be unfair to personnel in another dimension, namely, not providing them with a professional environment that would in fact allow them to get the kind of training and exercise at the levels they would have liked.

Had, in fact, the sequestration results been as draconian as we feared back in August, we would have taken a different set of actions than we took. By October, and then ultimately at the end of November, when the budget decisionmaking had concluded, it became clear that the effects of sequestration were going to be far less than we feared they might be in August. At that time, we decided the most prudent course of action was the one we have proposed.

That includes not only reprogramming, but also reducing end strength and reducing accessions, delaying some promotions. In other words, we have already gone just about as far as we think we safely can in affecting the personnel.

Senator GLENN. Let me run through rapidly each service here.

Mr. Wincup, the Army's reprogramming request indicated the Army would have to slow down officer and enlisted promotions, implement a 90-day involuntary early release of enlisted personnel, and freeze overseas rotational moves.

Did the Army leadership raise any concerns about the effect of a sequester on this? And did you push hard on the Department of Defense to help you out on this?

Mr. WINCUP. We did have some concerns as the Chief indicated in testimony last week. And he did express those concerns.

Senator GLENN. Were those passed along to the Secretary of Defense level?

Mr. WINCUP. I believe they were. I was not here at that time, but I feel confident they were.

Senator GLENN. Mrs. Pope, how about you? Navy's reprogramming request contains no statement on the effect of Navy and Marine Corp personnel. But if it was that important to you—and I agree with your statements about what happens to the people out there standing watch on the bridge of the cruiser, and all that sort of thing; and how they look at this, when they found out how they are being treated.

Did you include a statement of such effects in your statement to the Secretary of Defense?

Mrs. POPE. Yes, Mr. Chairman. We did talk about the importance and what the impact would be. There are also—my understanding is that, you know, some precedents and belief on the Department's behalf, that we had been reprogramming for the last several years. And that we would be allowed to again.

So, I think, the feeling was, we did know what the impact would be. We did not know how much we would have to absorb within the account once we got the 1990 budget, and be able to reprogram when we knew what actual dollars we needed.

Senator GLENN. Mr. Cooper, how about you? Were these concerns expressed adequately to the Secretary of Defense level, so he could pass them along to the President?

Mr. COOPER. It is my understanding that the Air Force Chief of Staff did express some concern, sir, and passed it on. Now, how adequately, I cannot answer.

Senator GLENN. As long as they are being expressed today?

Mr. COOPER. I do not know, sir.

Senator GLENN. Well, I have a letter from Admiral Boorda too, that I have not replied to yet, Admiral. I owe you an answer to that letter here—a very long and thoughtful letter, on the effect that this will have. And I hope that all those things were passed up. I do not know how the decisions were made.

Mr. Jehn, my time is almost up here. We are using the 10 minute rule, since there are only two of us here this morning. But this is a rather disjointed story.

First the President could have exempted military personnel, he chose not to do so. Whether he was apprised of all the information or not, I do not know. But that would have avoided all the bad things that Mrs. Pope and Mr. Cooper pointed out, and all the rest of you are concerned about.

Second, you have submitted a reprogramming to reverse the earlier decision. And if we do not approve this, it is going to mean bad things to a lot of people who are innocent of whatever the turf fight is in Washington. And that is the hard part to us right here. I share Senator McCain's view he expressed briefly a little while ago.

We have gotten caught here in a problem that was created, I believe, over in your shop or at the administration level. And the bottom line, when all the smoke clears, is that somebody better be protecting the people out there. And I am going to lend a hand, but I have to have more definitive information.

Staff has put together a chart of what the different services have asked us to do; and it is all over the lot. It is a shot gun approach. Now maybe each service has its own problems. But here is the list of actions tentatively proposed by military services to comply with the effect of the administration's sequestration on military manpower.

LIST OF ACTIONS TENTATIVELY PROPOSED BY THE MILITARY SERVICES TO COMPLY WITH THE EFFECT OF THE ADMINISTRATION'S SEQUESTRATION ON MILITARY MANPOWER

Actions	Army	Navy	Marine Corps	Air Force
1. Freeze Promotions effective May 1	$ 25.0M	$ 46.8M	-	$ 38.0M
2. Stop PCS rotational moves effective May 1	48.0M	32.5M	8.5M	-
3. Cut Accessions effective May 1	107.0M	54.3M	25.4M	105.0M
4. 90 day Early Release effective June 1	52.0M	46.5M	17.4M	-
5. Early Release of personnel scheduled for separation in FY1991	-	-	20.7M	-
6. Deny all first and second term reenlistment effective May 1	-	-	-	85.0M
7. Stop Reenlistment bonuses effective May 1	-	60.0M	13.6M	-
8. Early release of officers with 3 but less than 5 years of service effective June 1	-	44.9M	-	-
	$232.0M	$285.0M	$85.8M	$228.0M (104.5M) $332.5M

And there are different areas that different services get into: freeze promotions effective May 1, stop PCS rotational moves May 1, cut accessions May 1, 90 day early release June 1, early release of personnel—well, there are eight of them here, I will not bother to read them all.

Anyway, Army takes part in five of these, Navy takes part in four, five, six of these, Marine Corp, one, two three, four, five of these, Air Force in only two of these. They are all over the lot. We need some guidance as to where we should go with this. And whether we have a more standardized policy that is DOD wide, or whether we have to deal with it on an individual service basis.

And I will not ask you to give a definitive answer to it. But we are going to want some answers to this hopefully in the next few days, because we are moving now. And we have to make some recommendations, to the full committee within a very short time period. ~~The full~~ committee is going to have a hearing on Thursday and we are going to be expected to make some recommendations to them.

I do not know whether you can come up with an answer for us by tomorrow night or Wednesday noon or something like that, so that we can have the advantage of your thinking on this before we go before the full committee on Thursday. But that would be the way to handle this. And if this has the priority that you indicate it has over there, maybe you can turn to and get some answers in the next 48 hours.

Mr. JEHN. All right. Let me respond a bit, if I may, to what you have just been saying.

Regarding the first point concerning our—as you put it—rather disjointed answers to why the personnel accounts were not exempted. I think it is a little misleading to argue that the problem we are facing today is entirely due to sequestration or to the Department's failure to request the exemption for the military personnel accounts back in August.

In fact, when the budget activities were concluded with a final authorization and appropriations bill at the end of November, the military personnel accounts were $1.7 billion short. And, in fact, we have requested reprogramming to cover only part of that. It was our understanding all along based on what we were hearing from the Congress that that reprogramming would be permitted.

At least one of the things that led us to that conclusion was language in the authorization bill that suggested we were expected to come forward with a reprogramming request to protect the people, which is what we did.

As far as the differences here on this piece of paper you just handed out are concerned, you are quite right. Each of the services is in a somewhat different situation regarding what it thinks is the most effective way to handle the problem we are now presented with. Rather than try on my part to address all of these, I will let my colleagues address these differences. I think it would be a mistake to assume that exactly the right solution for one service is likewise exactly the right solution for each of the others.

Senator GLENN. Thank you. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Mr. Jehn, your response, in all candor, is a little misleading. Clearly it anticipated reprogramming would be accomplished with very little difficulty, as it has in the past. Reprogramming is, at least in the view of many of us, a distortion of the budget process because we authorize and appropriate certain funds, and then, you come in with reprogramming and we change those budgets and those authorization and appropriations decisions made in the Congress for the following year.

You have cited, not at all to my satisfaction, the reason for a departure from previous, and I think sound, decisions on the part of the Department of Defense to exempt personnel when Graham-Rudman sequestration was eminent for all of the reasons so eloquently stated, particularly by Mrs. Pope and Mr. Cooper; because of the incredible effects that it is having throughout the services on the men and women in the military who literally do not know where they will be and under what circumstances in the next few months.

Mr. Jehn, the allegation made by—or the statement made by the distinguished chairman may be slightly misleading. In my view, it was a colossal and unjustifiable mistake on the part of the Department of Defense not to exempt personnel. You should have known in August exactly the information being presented to this committee today. Nothing has changed as far as the impact of cuts are concerned, if they had taken place last August, or now, or next August. They would be draconian in nature and terribly disruptive to the personnel of them military.

Frankly, I do not accept your rationale for not exempting—for the Department of Defense—not exempting personnel. And I agree with Mrs. Pope and Mr. Cooper. I hope that last August they made the same strong statements about the obligation that we have to men and women in the military within the Pentagon, that you are making to this committee today.

Now, having said that, our job now is to try and repair the damage between now and next Thursday, or minimize the damage. There is already significant damage. The question is what to do between now and next Thursday, and in the next month or two, when the Congress finally comes up with some solutions to these problems.

I would like to know if any of the service representatives here had any comments or statements, Mr. Chairman, that they might want to make at this time, if it would be appropriate out of my time.

Is there any comments, General Ono, or Admiral Boorda, or General Hickey? Any of you want to make any comments or statements?

General Ono. Well, we of course, in the Army have taken those impacts as you had laid out on your sheet. And they would have devastating influence on our combat readiness, as well as in regard to the morale of our troops.

Senator McCain. Did you know that last August?

General Ono. Yes, sir.

Senator McCain. Thank you.

General Ono. And we did recommend that military personnel, as in past years, be exempt. What we are saying here, then, is our servicemen and women throughout the world will be frozen in place. In regard to transfers, those included in Europe as well as in Panama and Korea, and they will not be allowed to come home, nor could we send any replacements forward in order to pay this bill.

Our promotions, as you see, would be frozen in place. And those who have been selected for promotion would not be allowed to advance. And so, this in effect constitutes almost a reduction in pay, if you would, because these promotions would have occurred, had we had the funds to take care of them.

Of course the impact on families will also be devastating, because most of these transfers occur during the summer months. So, therefore, school age children will not be allowed to normally return to the United States and resume school.

Similarly, those transferring overseas with their families will be disrupted with regard to school schedules. And that of course is something that is very difficult to explain to the children as well as to the spouses.

For these reasons, we are saying that this would have tremendous morale impacts. Combat readiness would be severely impacted. In regard to the 90 day early out that we have on our books—because we are talking about people with terms of service expiring within those periods being told to move out and be discharged 90 days early. And so there again, you will see some undermanning of the force and a tremendous impact on combat readiness.

Senator McCain. Thank you, General. Admiral Boorda.

Admiral Boorda. Yes, I was hoping I would get the chance. I would like to take a couple of minutes if I might, Mr. Chairman, Senator McCain.

First of all, I do not think I need to talk about our 1991 budget. Our 1991 budget is very clear and very straight forward. We are getting smaller in 1991. And the Navy's strategy for getting smaller has been as the ships come out to take that manpower and unprogram it. And we came up with a strategy for 5 years much as Mr. Wincup has talked about. That brings the Navy down in size to whatever size the Defense Department, and ultimately, whatever is enacted determines what size the Navy ought to be.

Fiscal year 1990 reprogramming is another matter. It is a disaster about to happen. We talked about lack of specificity a little bit, and why the services are different. That is because of the way this came about. Each of us manages our accounts in a way to come out at the end of the year and spend all the money and get the most readiness you can get for it. We each found ourselves in different positions as we reached this point in time.

In the Navy, I found myself $417 million short of being able to execute what you authorized; $132 million of that shortage came from actions taken in the appropriations process. That would normally be what we would reprogram for. I think that is probably what you meant when you said, in the authorizers' conference, we expect the Secretary of Defense to reprogram. That has been a routine matter, and we have done it every year.

When sequestration took another $285 million, I had a problem. And it was $417 million worth of a problem. I looked inside the account and said, well, what can I do to absorb some of this. The $132 million that I would normally have come to you with for the reprogramming was able to be accounted for by moving recruiting from early months of the fiscal year into the late months of the fiscal year.

So, I have created a shortage in the Navy over the year. But one that I knew I could correct over time. And because our retention is high, and because we are getting a higher quality recruit, who tends to attrit at lower levels. So I am not wasting training time, but rather being more efficient. That made sense to me.

There probably would be a different kind of decision made by other chiefs of personnel. But that was what I saw presented to me. I also have a large number of people who choose to get out of the Navy, and then try to come in later. And in that case, I said, I cannot afford these people. I must make a choice between protecting people who are on board today and those who chose to leave but want to come back. And so I reduce the number of people who have come back in the Navy and by so doing, I have reduced the amount of expenditure, because they are more expensive than new recruits.

So those actions and some others accommodate the $132 million problem; $285 million was more than I could accommodate. I went to the Secretary of the Navy and the CNO and said, these are the actions I would have to take. And they are draconian, and I have great detail on what that would do to the Navy. But I said to the CNO and the Secretary, I have no more flexibility, because I took my flexibility to accommodate the other shortfall. They agreed with me. They found reprogramming offsets, and that is what you have before you today. I think that was a reasonable way to go.

We have no plan in the Navy to hold on to more manpower than we need—none at all. And we do have a plan to reduce as the size of the Navy reduces. This year we will be 7,200 smaller than we planned only 6 months ago. We did not buy back one person with the sequestration money that we want to reprogram.

We only asked to fund what was appropriated. Now, if you will, I would like to just describe in one moment what will happen to the Navy in words. And I have numbers to back all this up. And I hope I get a chance to put them in the record.

If you cut people first instead of ships, what will happen in the Navy will do great harm to those who remain. Not only the people whom we throw out but those who stay. Sea tours will lengthen, and time away from home will increase. A workload that already at sea is programmed for 81 hours per week will increase to 91 hours a week, because I will underman forces by 12 percent of the people, 12 percent worse than we are today.

Our Navy that now has the highest retention of the last decade will soon go to the low figures like the 24 percent we had in 1979, which was a disaster, and it took us 10 years to get out of it. Recruiting is the highest we have had in the last two decades. I am getting better quality and better numbers right now. And turning people away who want to be in, because they do not meet our standards.

We will soon be unmanageable, because I will be 31,300 under end-strength at the end of this year. And we will be trying to make it up by recruiting. I will have exchanged trained petty officers for new recruits at a time I cannot get that many new recruits.

That leadership will not be there and will spiral down in only a couple of months just like we did in the late 1970s. And you will have a Navy that looks like 1979, and you will have it by September.

I do not want to be part of that. I will do the best job I can with what you give me. But that will not be a happy task.

There is another issue. And with a little bit of forbearance, I would like to tell you about that issue. It will take me one minute. It is an issue of fairness. The people of today's Navy are part of an All Volunteer Force. We ask them to come, and they volunteer to be here. And we have done surveys about why people stay.

We always talk about why they leave. But we have done surveys over the years about why they stay as well. Job security is the number one reason. But I am happy to tell you that the opportunity to serve their country is right up there at the top as well.

This is not the way to treat people who do that. I do not have the flexibility to treat them properly. If you do not give me the $285 million, if you give me some percentage of $285 million, I will do some percentage of the things that are on their list. And while I would affect 31,300 people and cause them to a leave without $285 million, I will still have a large number of people that I affect, even if I do not get $50 million of it.

If I did promotion delays, for example, we are asking officers and sailors, 10,000 officers and 28,000 sailors, to pay the Government's cost of doing business. And that is simply incorrect.

Members of this subcommittee and I are responsible to these men and women. Thirty-four years ago, as a 16-year-old young man, I ran away from home and joined the Navy, Senator, and I have been here ever since, and in over three-and-a-half decades of service I have learned a little bit about leadership.

One of the things I have learned is take care of your people. As a sailor for 7 years, I expected that my leaders would take care of me, and as an officer I have tried to do that.

I have said I was responsible, and I am also accountable for how we treat people. I cannot escape that. There is an old African saying that when elephants fight, the grass suffers. In this case, the grass is the sailor, and the person they would look to is their uniformed leaders. And I think I am the target of that looking, and I would not measure up well to my accountability if I do not get this money.

There is a danger here, and I really appreciated what Senator McCain said, but the danger is compromise. Compromise is the grease that makes all of this work, but compromise in this case is very difficult because compromise comes out of the sailor's pocket.

I have already taken my flexibility out of this account. The only way to save more money is to do something bad to someone, and the someone is probably in large numbers.

I need to be able to execute a plan that takes care of our people and, I will say, that takes care of my people in a logical way over time, instead of causing them to spend longer time at sea, more time away from their families or, worse, leave the Navy before they meant to or pay the cost of doing our business.

Now, I have been pretty blunt, Senator Glenn and Senator McCain, and I apologize for that, but I guess I really do not because I think you love our Navy and our Marine Corps and the people in it as much as I do, and not improving this reprogramming would say just the opposite.

Thank you.

Senator McCAIN. General.

General SMITH. Mr. Chairman, Senator McCain, Senator Exon, the Marine Corps, too, has concerns over the situation with regards to reprogramming in fiscal year 1990.

The inability to reprogram for the Marine Corps' $85.7 million share of the sequestration will eliminate the progress that I believe we have already made in our manpower programs in the Corps. We have already absorbed $22.4 million in unfunded increases in entitlements authorized by Congress for fiscal year 1990. We did this through a variety of actions, including a voluntary early release program, which right now is underway.

We have no flexibility left in the manpower accounts. Absorption of the $85.7 million in fiscal year 1990 will require demanding personnel actions which will have major long-term impacts on the quality and readiness of our Corps. These actions include reduced officer and enlisted accessions, involuntary early releases into fiscal year 1991, termination of the selective reenlistment bonus program, and suspension of permanent change of station moves. Complete disruption of proper force management policies would result. Breaking faith with our marines and our sailors serving with marines, and subsequent negative perceptions will have the unintended effect of driving even more marines from our ranks. Our commitments will not be reduced with our end strength. Fewer marines will be forced to bear a bigger burden. We strongly request your support in approving the required reprogramming.

The perception I get from the field is the problem is inside the Beltway. I cannot return to history and see what happened back in August—I was not even around town then. But I can say we need to solve this problem among ourselves here collegially and take care of our people. They are an extraordinary resource.

Thank you very much, sir.

Senator McCAIN. I agree with you that the problem is inside the Beltway and it is not what happened last August that faces us right now, but I want to make sure that Senator Glenn and I—next year at this time—are not presented with exactly the same emergency and crisis.

So we have to revisit the events that led up to this situation which you all have so graphically described which I think is important.

I do not want to have to sit here next March and go through this same exercise again, because I think we all realize there will be significant changes taking place between now and then.

But I appreciate your point that it is irrelevant to the marine at Yuma as to what happened last August or September or whenever.

Senator GLENN. I want to firmly associate myself with the remarks just made by Senator McCain. We do not want to go through this again next year, I can guarantee you that.

General SMITH. I do not want to stand here in front of you and do it again either. We want to fix and solve this problem and get on with taking care of our country.

Senator GLENN. General Hickey.

General HICKEY. Mr. Chairman and members of the committee, I have about four or five charts that I would like to use and the reason for their being used is that it may keep me on track and keep my remarks a little more concise.

The Air Force faces the same problems. One of the things that occurs to me is, as you all have chastised some of the people here this morning represented at the front table as to why they did not do a better job of talking to our leaders on the administrative side and the DOD side last fall. Most of them were not here and did not suffer through this process.

And, so I think probably those of us in the green and blue and dark blue suits were there. We are the ones who are to blame since we did not speak our concerns loudly enough. We did not convince our leadership at the time that not protecting the personnel from GRH was a bad idea, and that we were going to have some very hard numbers.

We knew what those problems were going to be. Bluntly, at the time it was my impression, as a third or fourth level down in this whole process, that if Gramm-Rudman-Hollings did occur, there were going to be so many big cuts that the totality of personnel could not be excluded. Then it would have to at least share, in part, some way and that when we did do that, or the administration decided to do that, it would get down to the point where we were really doing damage, then there would be a reprogramming as an alternative to get us out of that.

And since, as you pointed out, reprogramming, Senator McCain, has been a recurring process that we went through, we took that in good faith that it would work.

As it turned out later when we read the conference report and the law, both of those things gave us the kind of guidance that we needed in dealing with the problem.

They said do not make a hollow force, protect the quality of life of the troops, and the Congress fully expects—the members of both the Armed Services Committees fully expect us to come in and reprogram when it gets bad.

In my view, we tried to do exactly that, from my level certainly, and from what I could see above me.

We ended up with a $601 million total problem, of which $179 million was our share of Gramm-Rudman-Hollings.

We were able to solve internally for $373 million of the total. So there have been significant cuts, and it is in fact reflected on those charts that you see why we have different items that are on that chart than the other services.

I have no one left to early release. I have been through $140 million or $150 million worth of early releases, and so that is no longer an option to me.

In that reprogramming you will note there is an internal realignment within the MPA account of about $104 million. That is what I have already done through some PCS move reductions. I was going to use those PCS dollars, which I also need your approval to transfer into end strength, to protect end strength in some of the other places.

So there is no advantage to me within managing my particular account in the Air Force of freezing PCS funds. It is not part of what my problem is right now.

I will tell you though, again, that it is a fast-moving game and that the numbers change everyday. And I have found, even though I do not like reprogramming either, things change over time. Right now I already know that $104 million that we have talked about in realigning PCS is too much.

I need about $35 million or $40 million of that back in the PCS account if everything else works. It is an amendment to the reprogramming, if you will, that we have already sent over here on the Hill. It becomes moot if none of the reprogramming works.

But it does give me an interesting problem if the reprogramming is refused across the board. I have therefore made the assumption in these charts that I am about to show you, that I would then be able to—even if reprogramming is not approved—use the totality of the MPA to reduce the impacts.

And if I cannot, if that $104 million in PCS is frozen in the PCS account, then all of the numbers that I am about to show you will be bigger or will be more draconian than I show.

We have three places that are left for me to work on in the account, and they are the three shown here: accessions, promotion freezes and involuntary separations. And I would like to show you a chart using April as the effective month, on each of those if I may, please.

On the accessions side of the house, we are talking about 24,000, all of the remaining officers and enlisted that I would bring on this year, about 2,600 officers and about 21,400 enlisted folks.

Fifteen thousand of those people have some kind of a hard commitment. They are in the delayed enlistment program. They have a written contract from me, and I have told them I am going to bring them on. And now I am going to break that promise and that commitment to them. I am going to do them a great deal of damage.

They have abandoned other career opportunities. They have stopped job searches because they thought they were coming on active duty. They have curtailed further education in some cases because they thought they were coming on active duty.

They have made financial commitments. Some of them have sold their homes, they have broken their leases, they have not renewed their lease. Some of them have quit their jobs. Some of them have in fact borrowed money to come on board and that is not an unusual occurrence for our young people these days.

They have lost other personal resources. They have invested money and up to 12 credit hours and semester hours in ROTC which they are not going to be able to use, study time, summer camps, all of the things that they have invested would be wasted if we do not bring them on board.

They have lost the opportunity to serve and some of these people have got 3 and 4 years' worth of commitment to come and serve in the U.S. Air Force and serve their country, and we are going to do away with all of that.

The other part of this impact on people is for those people who are on active duty who are not going to see these 24,000 people show up and help do the work. For them, it is going to be longer work hours and days. As Admiral Boorda was talking about, more family separation, morale degradation. Safety is going to be impacted and more individual stress on all of them.

The second area that we can work on is freezing promotions. We have never done this in the Air Force so we are not sure exactly how the people will react to this, but what you are really doing is taking money out of the pockets of our very best people.

The people on the promotion lists are the ones who have competed and won and they are at the top of their peers, and so we are going to pick on them because they happen to be available and vulnerable.

They are already 11.4 percent behind their civilian contemporaries in earning power, and now we are going to make them pay for the rest of it out of their pocket, and it is not just the pay. It impacts on their housing lists, on the housing they are eligible for.

If they happen to be stuck in a PCS move, it reduces their entitlements, how much weight they can move. There are all kinds of things that are mixed up in promotion and advancement, in addition to just the pure wages that are there, and it blocks their career advancement and their career opportunities.

In some cases, it prevents them from entering the positions that we wanted, and in other cases we in fact let them into the positions, and they have the responsibility for doing their jobs, but we will not pay them for it.

Finally, and probably the worst of all of these, even though the numbers are not quite as large, are the involuntary separations that we do, and the reason I think it is the worst and most draconian is because of whom it impacts.

It impacts on primarily the enlisted force, and it does so because we cannot figure out another way within the law to make the thing happen.

And what it does is, the enlisted take the brunt of it because they have breaks in their enlistment points. They have a DOS, and anyone who happens to come up, no matter what his skill or her skill is, no matter what year of service they happen to be in, in the U.S. Air Force they are an opportunity to reduce strength and the only opportunity we have.

We are well past the point of having officer RIFs and getting the boards done when we are operating this late in the year. There is no golden parachute for these folks. They do not get a blank check, or they get a blank check but it says zero.

There is no opportunity for them and their families to plan, and it is based on the luck of the draw. And let me tell you the kinds of people we are talking about.

By the way, I forgot the promotions, so you have some numbers to deal with, if we do it the first month, April, we can get 10,500 officers and 21,100 enlisted promotions.

So there are 31,600 promotions that we can affect. Every month that we go toward the decision, that number goes down and the money saved goes down.

On the involuntary separations, if we go the first month, in April I can get 6,800 first-term enlistees. That is everybody who is coming up for reenlistment from now to the end of the year, and the reason I can get those 6,800 is that they were all protected because they were all in critical skills.

All of their contemporaries have either been early released or reenlisted already in my early release programs. These were all in such critical skills that I would not even make them eligible for early release, but now I am going to throw all of them out without cause.

The second portion of this is about 8,400 second-term reenlistees and they are in the same kinds of categories, critical skills. The only reason I would let them go is because they are there and they are at a break in service where I can send them home.

Finally, if you wait long enough, until I get to June, then I have to dig into those people past their second term and then I am looking at all the career force that is available and there are about 8,200 of those.

When we are talking about the numbers of people involved, we clearly are getting into families and family organizations here, and the psychological trauma, the financial trauma of just ripping their paycheck out of their whole family and mouth is something I cannot understand us ever wanting to do.

I guess we clearly need to do something to cushion the pain. We know what that short-term pain is. We know what the long-term effects might be but we do not know it very well. We have never done anything like this in an All-Volunteer Force and that is the biggest unknown we have got going for us.

We have never messed over a bunch of people who have been committed to us like we are about to do, and it would not surprise me that it would take a generation at least to recover and to get over the scars of the wounds that are about to be made if we do it.

And I tell you, I cannot say that I blame any of those folks who are there. I do not know what we would ask them to volunteer for in an All-Volunteer Force—we ask them to get killed and fight for us in wartime and then take a firing in peacetime when we do not need them, without planning or without anything else.

I have looked at this whole process and I would tell you that I have trouble finding heroes on either side of this coin. There are not very many around right now. But our people unfortunately at this point in time, do not really care who did what to whom, and when.

All they know is they are lying here now at deep risk, and bluntly the Congress is the only people who can save them, and so we are hoping for your help. Thank you very much.

Senator GLENN. We will start Senator McCain's time again.

Senator McCAIN. Mr. Chairman, I appreciate your kindness, but I have taken way too much time. I will be glad to wait until the next round. I know my friend from Nebraska has waited.

Senator GLENN. No, continue.

Senator McCAIN. If there is any additional information that the witnesses would like to provide for the record, Mr. Chairman, I would appreciate it if we could have unanimous consent that they be allowed to do so.

Senator GLENN. Without objection, we will include any additional information the witnesses would like to provide for the record and also the responses they provided to the written questions you sent to them prior to this hearing.

U.S. SENATE,
COMMITTEE ON ARMED SERVICES,
Washington, DC, February 27, 1990.

Hon. CHRISTOPHER JEHN,
Assistant Secretary of Defense Force Management and Personnel, The Pentagon, Washington, DC.

DEAR MR. JEHN: Senator McCain, the ranking minority member on the Subcommittee on Manpower and Personnel of the Committee on Armed Services, has prepared a set of questions that he has asked me to send to you in advance of our March 5, 1990 hearing. Senator McCain would like definitive, written answers to his questions before the close of business on March 2, 1990.

I ask you to please coordinate the answers of all DOD witnesses and to provide your answers directly to Senator McCain with an information copy to me. Both Senator McCain and I look forward to discussing follow-up and other questions in detail with you and the other DOD witnesses on March 5.

Best regards.

Sincerely,

JOHN GLENN, *Chairman,*
Subcommittee on Manpower and Personnel.

Enclosures.

OSD

1. What would each military service's force structure look like if it were subjected to 20 percent or 30 percent end strength reductions in the near term? Specifically, how many divisions, carriers and wings are left?

2. In making nominations for senior general and flag officers, what weight, if any, does OSD assign to combat experience?

3. Only one service, and that is the Marine Corps, has its force structure defined in Title 10. Why should the Marine Corps be accorded this privilege and not the other services. Should we amend current law to protect the Navy's 14 carriers, the Army's divisions or Air Force wings?

4. Last year, Secretary Cheney elected not to recommend to the President that the President exempt personnel from sequestration. Once, that decision was made, OSD and the military services should have started taking the necessary actions to reduce personnel expenditures. Were those actions initiated? If not, why not?

5. It is now apparent that the personnel reprogramming request has little chance of being approved. Are the services taking the necessary steps to ensure that their spending rates for the personnel accounts will not exceed the amount appropriated?

6. Secretary Cheney has indicated that U.S defense spending may account for only 4 percent of GNP within 5 years. What will our force structure look like at that point if the current division of defense resources among the 11 program elements is maintained?

7. What guidance has OSD issued to the services to reduce general and flag officer billets as service end strengths are reduced?

ARMY

1. What would the Army's force structure look like after a 20 percent and a 30 percent end strength reduction. Will the Army make any effort in the near term to change the imbalance between active duty combat forces and Reserve component combat support and combat service support forces, so that the Army's remaining active duty combat forces can be sustained more easily?

2. In making nominations for senior general and flag officers, what weight, if any, does the Army assign to combat experience? What percentage of senior Army general officers have combat experience?

4. Last year, Secretary Cheney elected not to recommend to the President that the President exempt personnel from sequestration. Once, that decision was made, the Army should have started taking the necessary actions to reduce personnel expenditures. Were those actions initiated? If not, why not?

5. It is now apparent that the personnel reprogramming request has little chance of being approved. Is the Army taking the necessary steps to ensure that spending rates for the personnel accounts will not exceed the amount appropriated?

6. Secretary Cheney has indicated that U.S. defense spending may account for only 4 percent of GNP within 5 years. What will Army force structure look like at that point if the current division of defense resources among the 11 program elements is maintained?

7. What guidance has OSD issued to the services to reduce general and flag officer billets as service end strengths are reduced?

NAVY

1. What would the Navy's force structure look like if it were subjected to 20 percent or 30 percent end strength reductions in the near term? How would the Navy balance surface versus submarine requirements?

2. In making nominations for flag officers, what weight, if any, does the Navy Secretariat assign to combat experience? What percentage of Naval officers serving in the grades O-7 through O-10 have combat experience? What percentage of the eligible officers from which this cohort was selected have had combat experience?

3. Last year, Secretary Cheney elected not to recommend to the President that the President exempt personnel from sequestration. Once, that decision was made, OSD and the military services should have started taking the necessary actions to reduce personnel expenditures. Were those actions initiated? If not, why not?

4. It is now apparent that the personnel reprogramming request has little chance of being approved. Is the Navy taking the necessary steps to ensure that spending rates for the personnel accounts will not exceed the amount appropriated?

5. Secretary Cheney has indicated that U.S defense spending may account for only 4 percent of GNP within 5 years. What will Navy force structure look like at that point if the current division of defense resources among the 11 program elements is maintained?

6. What guidance has OSD issued to the services to reduce general and flag officer billets as service end strengths are reduced?

AIR FORCE

1. What would the Air Force's force structure look like if it were subjected to 20 percent or 30 percent end strength reductions in the near term? Specifically, how many wings are left?

2. In making nominations for senior general and flag officers, what weight, if any, does the Air Force assign to combat experience? What percentage of Air Force generals have combat experience?

3. Last year, Secretary Cheney elected not to recommend to the President that the President exempt personnel from sequestration. Once, that decision was made, OSD and the military services should have started taking the necessary actions to reduce personnel expenditures. Were those actions initiated? If not, why not?

4. It is now apparent that the personnel reprogramming request has little chance of being approved. Is the Air Force taking the necessary steps to ensure that their spending rates for the personnel accounts will not exceed the amount appropriated?

5. Secretary Cheney has indicated that U.S. defense spending may account for only 4 percent of GNP within 5 years. What will Air Force force structure look like at that point if the current division of defense resources among the 11 program elements is maintained?

6. What guidance has OSD issued to the services to reduce general and flag officer billets as service end strengths are reduced?

DEPARTMENT OF DEFENSE RESPONSE TO QUESTIONS FROM SENATOR McCAIN

Question 1: What would each military service's force structure look like if it were subjected to 20 percent or 30 percent end strength reductions in the program in the near term? Specifically, how many divisions, carriers and air wings are left?

Answer: In light of the changes in the situation in the Soviet Union and Eastern Europe, and given the constraints on fiscal resources available for the national defense, the armed forces will be reduced in size. The Department of Defense's objective is to achieve those reductions in an effective and intelligent fashion, so that we end up with a highly capable, although smaller force, that is fully able to protect and advance American interests around the globe. The Department must manage these reductions carefully.

Imposition by Congress of a 20 percent or 30 percent cut in the force level of the Armed Forces in the near term would be devastating to the military capabilities of the United States. Military forces must be downsized with great care to maintain the capabilities of the forces during reductions. It is also crucial to keep in mind that, if Congress forces wholesale discharges of military personnel on short notice, the Armed Forces are likely to lose many of the most highly-skilled, experienced people we have worked so hard to retain in the service. Moreover, if Congress were to force the Department to so mistreat the personnel currently in the Armed Forces, we would have a much more difficult job trying to recruit new entrants into the Armed Forces in the future.

Description of the remaining force structure by numbers of divisions, carriers and wings is not possible, because the remaining forces could be structured in a variety of ways.

The proposed reductions in the force structure of the Armed Forces contained in the administrative's fiscal year 1991 budget provide for prudent reductions.

Question 2: In making nominations for senior general and flag officers, what weight, if any, does the OSD assign to combat experience?

Answer: The Secretary and the Deputy Secretary of Defense, the Secretaries of the Military Departments, and the members of the Joint Chiefs of Staff give significant weight to combat experience as a factor in recommending promotions to general or flag officer rank based on the overall qualifications of the officers under consideration for promotion.

Question 3: Only one service, and that is the Marine Corps, has its force structure defined in Title 10. Why should the Marine Corps be accorded this privilege and not the other services? Should we amend current law to protect the Navy's 14 carriers, the Army's divisions or Air Force wings?

Answer: Section 5063 of Title 10 of the United States Code, originally enacted in 1956, provides that the Marine Corps shall be organized to include not less than three combat divisions and three air wings, with such other land combat, aviation, and other services as may be organic therein. The Department currently has no plans to propose a change in this statute.

As a general matter, the President as Commander in Chief, and the Secretary of Defense acting for him, should have the flexibility to organize the forces raised by Congress in the manner that provides the strongest military capability to defend and advance American interests. Thus, the Department would oppose legislation to specify a particular method of organizing the force structure of the four services.

Question 4: Last year, Secretary Cheney elected not to recommend to the President that the President exempt personnel from sequestration. Once that decision was made, OSD and the military services should have started taking the necessary actions to reduce personnel expenditures. Were those actions initiated? If not, why not?

Answer: The Department has not sought additional funds to solve the funding shortfalls created by Congress; it has sought to transfer funds from other Department of Defense appropriations accounts into the Military Personnel appropriations accounts.

When Congress passed the Defense authorization and appropriations acts for fiscal year 1990, Congress knew that the Military Personnel accounts were underfunded due to the effects of the Gramm-Rudman law, congressional cuts in military personnel account funding, and newly created, but underfunded, benefit entitlements for military personnel. All of this took $1.7 billion from the Military Personnel appropriations accounts. To remedy this situation, the authorization conferees stated that "the conferees expect the Secretary of Defense to submit reprogramming requests for additional military personnel funds as he deems appropriate."

In January of this year, the Department of Defense submitted reprogramming requests to the House and Senate Armed Services Committees and Defense Appropriations Subcommittees proposing to transfer $852 million in fiscal year 1990 funds into the Military Personnel appropriations accounts. By custom the Department obtains the concurrence of the House and Senate Armed Services Committees and Defense Appropriations Subcommittees before it transfers funds. The Department would hope to receive the concurrence of these committees and subcommittees for the proposed transfer. The failure of the committees and subcommittees to do so could have a devastating effect upon the members of the Armed Forces.

Question 5: It is now apparent that the personnel reprogramming request has little chance of being approved. Are the services taking the necessary steps to ensure that their spending rates for the personnel accounts will not exceed the amounts appropriated?

Answer: The Department of Defense continues to manage its appropriations in accordance with applicable law. The Department continues to urge the House and Senate Armed Services Committees and Defense Appropriations Subcommittees to give their concurrence to the proposed transfer.

Question 6: Secretary Cheney has indicated that defense spending may account for only 4 percent of GNP within 5 years. What will our force structure look like at that point if the current division of defense resources among the 11 program elements is maintained?

Answer: The hypothesis that the current division of defense resources among the 11 program elements will be maintained throughout this period of restructuring of the Armed Forces is not plausible. The Department's planning, programming, and budgeting system does not allocate the available resources by blind mathematical division among organizations and programs desiring resources. The Department intends to allocate its resources to ensure that the United States has the maximum military capability to protect and advance its interests within the limits of the resources made available for the national defense.

Question 7: What guidance has OSD issued to the services to reduce general and flag officer billets as service end strengths are reduced?

Answer: The Secretary of Defense has not yet issued specific guidance to the military departments concerning numbers of general and flag officers. The matter is under review. The overall numbers of such officers can be expected to be reduced as the overall size of the Armed Forces is reduced.

Senator McCAIN. Mr. Jehn, do you agree with everything that was just said?

Mr. JEHN. I certainly do. I would like to reinforce and echo some of the things you just heard. While we certainly did appreciate, as each of the personnel chiefs has said, what the effect on people would be back in August, we did not know what the effect on the budget would be. That was the point I was trying to make earlier; I am disappointed that I did not make that point better.

To a large extent, as each of them has now told you, what happened in August is pretty much beside the point. Again, I am disappointed that you do not find my explanations satisfactory, but the problem is not last August. It is right now.

And the pain is——

Senator McCAIN. If the problem is not last August, I suggest you leave it alone.

Mr. JEHN. The problem will be felt by service members.

Senator McCAIN. If you want to go through last August again with me, Mr. Jehn, then I will be glad to. The fact is that all of these service personnel that we just heard, knew in August what the impact would be. And I know that the chairman and I did not hear from the Department of Defense the draconian effects that were just described.

I suggest that you leave last August alone and help us move forward in trying to address this issue, because you are not going to convince me that the right decision was made last August not to exempt personnel from the Gramm-Rudman- Hollings sequestration.

Mr. JEHN. I appreciate that.

Senator McCAIN. Thank you. Now, if you would proceed.

Mr. JEHN. I appreciate what you have just said, and I certainly think the service personnel chiefs have done an excellent job describing to you the effects on people.

One thing, though, I would like to add is simply that there is a long-term effect here that none of us knows the extent of today. Not only will the denial of sequestration have an effect on people today in terms of promotions denied or delayed and PCS moves delayed, but even those people who are not directly affected today are watching.

As at least one of the personnel chiefs has suggested, the long-term effects on our ability to attract and retain people in the future is something we all should be very, very concerned with as well.

If people perceive that we are not going to be keeping promises to them today, they might reasonably conclude that we are less likely to do so in the future.

Senator McCAIN. Is there any ability to inflict a partial programming? The witnesses seem to feel that a total reprogramming is what is absolutely necessary here.

Do you see any possibility of a partial reprogramming?

Mr. JEHN. I am not here to negotiate or offer alternatives, nor have I been authorized to do so. I would just say, as the personnel chiefs have said, that if we do not get all of this reprogramming authority, we are facing a very serious problem that will inflict, as they have very eloquently stated, significant pain on our men and women in uniform.

Senator McCAIN. I have no further questions at this time, Mr. Chairman. Thank you.

Senator GLENN. Senator Exon.

Senator EXON. Mr. Chairman, thank you very much. I may have a question or two but I would first like to preach a little philosophy if I might.

I have been on this committee every since I came to the Senate. I would hope that all would recognize and realize that this Senator and this committee as a whole have been extremely understanding of the needs of the men and the women that we have taken into our forces. And wherever I go today I hear that they are the best we have ever had, and I believe that to be the case.

You know, I am really distraught after all of the incentives that we have built up over the years, dramatic pay increases to try and catch up with the private sector, with everything going down to scarves and leather jackets for aviators and those kinds of things that, you remember, we wrestled with from time to time on this committee.

Now I resent the fact that this committee is being placed in the position that it is to make the hard decisions that have to be made, and I resent the game playing that I think is going on between the administration and the Congress. And everybody is part of the game when it is being played, and therefore I do not absolve any of us from any of our responsibilities.

As one who voted against Gramm-Rudman—I think one of 23 members of the U.S. Senate—I foresaw at that time that we might likely face a situation like this, where most people that voted for Gramm-Rudman thought that the law's provisions would never ever be touched since it was sacrosanct.

There is no vision as to the future needs of manpower and womanpower, which is the most expensive part of our whole military system.

Let me ask this question; maybe one of you can answer. Of our total defense budget of nearing $300 billion, what percentage of that is for manpower costs? It is over half, is it not?

Mr. **Jehn**. No, sir, the total budget for military personnel accounts this year is something less than $80 billion out of the total roughly of about $300 billion, but of course, when you add in civilian personnel, and you add in expenses that are not in the personnel accounts that directly affect people, such as family housing and the like, I think you in fact can get very close to that 50 percent.

Senator **Exon**. I guess what I am talking about, in other words, we can separate out these categories, but total manpower, womanpower, personnel and otherwise, approaches somewhere near 50 percent of the total outlays, is that correct?

Mr. **Jehn**. That is correct.

Senator **Exon**. And we have not begun to address yet the civilian personnel and probably in some instances some of the unfairness could be described there, but I recognize you people are here and you do a very excellent job. And I listened with interest the comments you made regarding the people we have made commitments to.

I would only cite that the U.S. Government has a history of not keeping its commitments to its military personnel. All that you have to do is look to our veterans hospitals today and see the mail that comes into my office regarding veterans of past wars that are not receiving the care that was promised at the time that they went into the military service.

It is a national disgrace that I think eventually is going to be making some headlines, much more so than it is right now.

I will be supporting the reprogramming. I mean, it is pretty obvious that we have to do that under these circumstances, regardless of whose fault it is. I am not looking to find fault. I am looking at what I think is fair and proper to the high quality people that we have in the services today.

But let me take this one step further, if we are going to have the "peace dividend" that has been largely heralded by many today, if we are going to have that peace dividend and if the threat that this country is facing has decreased, as has been obviously proven by the whole set of threat assessment hearings that we have just had in the Armed Services Committee, then are you people here to tell me, both those on the civilian side of the Department of Defense and those on the uniform side of the Department of Defense, that there is no way that we are going to be able to significantly reduce the cost of personnel either civilian or uniform or both?

Should we be drawing a budget 5 years from now that reflect the outlays for overall personnel, not much different than what we are seeing today? That is my question.

I think it would be best that maybe you people representing the Pentagon without uniforms on today address that question.

Mr. **Jehn**. Sir, the answer to your question is everyone in the Pentagon expects the force to come down. All we are asking for is that it be done in an orderly and systematic way so that end strength comes down in parallel with force structure, so that we do not in fact have the undesirable effects we have all been talking about in the last few minutes on people.

I think if you are asking if we expect the number of personnel in the military 5 years from now to be smaller or fewer than it is today, the answer surely is yes.

Senator EXON. What percentage, smaller?

Mr. JEHN. We cannot say at this point. That is part of the deliberation that is going on right now. We are trying to prepare a budget for 1992 and beyond that will address exactly that question.

Meanwhile, the 1991 budget that we have put before you reflects decisions already made and is, we think, going to be consistent with what we propose for 1992 and beyond.

Senator EXON. Do any of the rest of you have anything to add to that? Mr. Wincup.

Mr. WINCUP. Senator Exon, if I may? As you know, the Army proposal before you, the 5-year plan, does reduce the Active force by just under 140,000 people.

Senator EXON. What percentage is that?

Mr. WINCUP. It is about 20 percent of the current force, sir.

Senator EXON. It is about 20 percent?

Mr. WINCUP. Yes, sir, and what you see reflected in that is an important point, I think along the lines that you are suggesting. We can manage anything. A level beyond about a reduction in the Army of about 35,000 to 45,000 people, we cannot manage very well.

We will lose our qualitative ability to decide who are the right people to leave the Army once we get above a level of about 35,000 to 45,000 people a year.

We need more authority than we have to manage that level, particularly in the officer force, but a level above that, you are going to find us making decisions as to the type of people who should stay without the right type of criteria. And you are going to be uncomfortable with the result and so are we.

Senator EXON. Mrs. Pope. Mr. Cooper.

Mrs. POPE. Senator Exon, the 1991 budget for the Department of Navy does get smaller. It is not getting smaller in the proportion that the Army is because our manpower is directly tied to the number of carrier battle groups that we have, but there is a commitment that is, as the number of ships gets smaller in the Department of the Navy, the number of people will come down.

So I think we are clear in understanding that we will get smaller.

Senator EXON. Mr. Cooper.

Mr. COOPER. Yes, sir, we know as the situation continues in the world today that we will continue to reduce. We have taken this year approximately 25,000 and have plans to do similar reductions in the coming year.

What will happen 5 years from now is very difficult to say, but the changes that occur could surprise us in either way.

Senator EXON. Well, I am not sure that is very much of an answer. Those of us who are sitting here who have to recommend what the budgets are going to be for the out years, unless we have a better understanding of what the mix is going to be in the future from you people that are heads of the services at the present time. I suspect that we are likely to make decisions and recommended numbers as we look forward.

I have always felt that the first year of our "phase down" or call it what you will, after the dramatic change in events, the first year is not the year when we can expect to have dramatic outlay reductions. It takes time.

It is going to take more money to close some of the military bases in the first 2 or 3 years than is going to be saved.

But you see the fervor that is sweeping the landscape today, that there have been speeches on the floor of the U.S. Senate by some individuals that I believe do not have the basic understanding of what they are talking about in this particular area, statements that sound good back home and sound awfully good in the national news media but probably are not very reflective as far as realities are concerned.

I would like to turn to you, Admiral, and ask you a question, I heard you say that the worst mistake of all that we could make would be to be cutting naval manpower before we cut the number of ships.

Was that the basic thrust of your statement?

Admiral BOORDA. That was exactly it.

Senator EXON. Well, I agree with you, and I am not going to ask you to comment on this because I do not want to put you in a difficult position. But the facts of the matter are, other than two battleships, there was very little cutting of the number of ships, a few here and few there.

The Secretary of Defense, when I asked him about this one time said, well, we are moving closer to a 500-ship Navy than we are a 600-ship Navy. I said by how much, and when I finally got his answer I think it was three or four ships closer to a 500-ship Navy.

If we are going to keep 14 carrier battle groups, for example, I happen to personally feel that given some reductions in and if the threat—both the threat of nuclear war and—the threat of a conventional war—I think the Navy has got to play more of a role in the budget cuts despite the fact that we fully understand that Navy does a good job in the projection of our forces around the world.

I thought you made a very key statement, and I was glad to have that in the record. I guess though that what we are going to have to do here is to go a little bit further and have a little more courage than so far has come out of the Pentagon with regard to the reduction of naval forces.

Because certainly, the number of naval personnel that you have, has to be relative to the number of personnel that we have to have to run ships.

So I took it from your statement that you felt that under the present projection of the number of ships that the Navy is required to run, they just cannot afford to take the hit in personnel that some people suggest. Is that correct?

Admiral BOORDA. Yes, sir, in 1990 and 1991, adding those 2 years together, so we do not have to speculate, which I cannot do, on what it will be in the future, we take 52 ships out of commission, and we put 14 ships in the Naval Reserve Force. At the same time we commission 28 new ships.

So, in fact, the Navy is coming down. From just a few months ago the reduction of people associated with those ships is 7,200 less people. In fact, it is almost 9,000 people if you look back just 1 year ago from what we thought we would have.

So in fact we are coming down in a balanced way, in accordance with the strategy that I developed for the 1990s for a reduced-size Navy, where I match people to force structure, however the force structure turns out to be.

And we are carrying out that strategy. This lack of reprogramming would eliminate my capability to do that, because I would lose, for example, 9,600 reenlistments this year of people who would get the selective reenlistment bonus.

Those are the very people I need to man those 28 new ships. A battleship, as big as it is, is not very technically intensive. A new AEGIS cruiser with a lot less people—a battleship goes out, an AEGIS cruiser comes in, I lose people, but I gain a lot more technical requirement that I must meet.

And this sequestration will destroy that. Ninety-six thousand high-quality people whom we pay a bonus to keep because they will not stay otherwise, their leaving is a serious loss. I calculated what it would take to replace them over time—first of all, it takes time to replace the experience, and I cannot put money against that.

But it is over $770 million in training costs over the next 5 or 6 years to replace the $60 million I save between now and October 1 by reducing that or eliminating the bonus. Not a very good tradeoff, Senator.

Senator EXON. I would agree. Mr. Chairman, my time is up. In the second round, I would like to go into this whole matter of whether or not we are beginning to slow down enough the pipeline for recruitments in.

It would seem the number of people we are taking in would just complicate your problem by trying to find adequate positions for the people that are there. I suggested 4 or 5 months ago when all of this hit, that there ought to be a drastic restriction of the number of people coming into the pipeline.

Nobody seemed to seize on that because I said that I was particularly concerned about the problem that you have today of taking care of the people to which we already have commitments, rather than having new ones come into the recruitment door that compound the problem.

Admiral BOORDA. Senator, I think we tend to simplify it. We do, too, because they are complex matters but we do not have all the support that the Air Force has. I just have little tiny charts that nobody can see. I would like to submit them for the record if I might.

Senator GLENN. Without objection it will be done.

[The material referred to follows:]

Navy Reprogramming Request

FY-90 MPN Shortfall

Total MPN Shortfall		-$417M
- Congressional Action		
-- Increased Entitlements, Mandated Reductions	-$132M	
- Sequestration	-$285M	
Offsets Within MPN Account		+$132M
Remaining Shortfall		-$285M

Bottom Line: All Account Flexibility Gone.
Additional Offsets At Expense Of
Serious Personnel/Readiness Impacts.

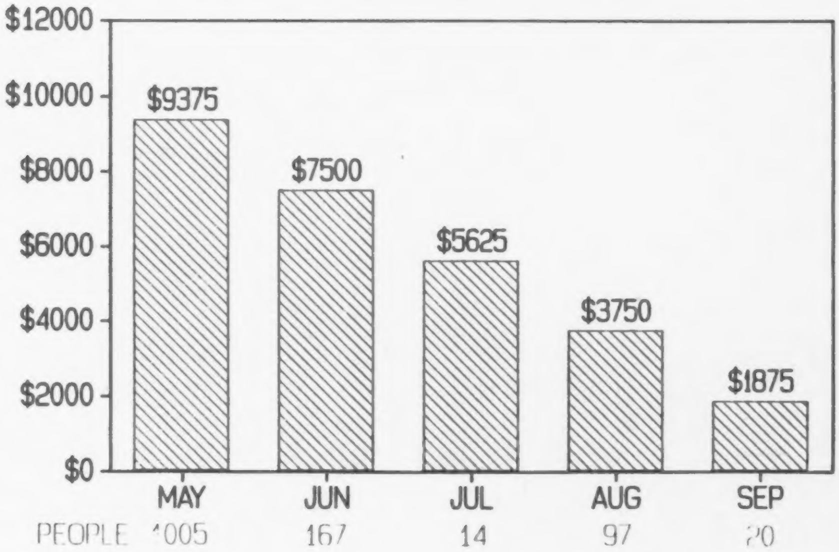
Actions Required To Reduce Shortfall

- o Delay Commissioning New Officers (1303 NROTC Midshipmen)
- o Freeze Enlisted/Officer Promotions (28,100 Sailors/10,100 Officers)
- o Freeze Transfers (10,500 Sailors/3,500 Officers)
- o Terminate SRB (9,655 Sailors)
- o Involuntary Separations (12,500 Sailors/1200 Officers)
- o End Strength Cuts (13,600 Enlisted Recruits -- Civilians Seeking Employment)
- o Strength Reduced By At Least 31,300

NROTC Delay

- Minimal Impact On Navy -- Maximum Impact On Personnel
- 1,303 NROTC Graduates Expected Immediate Commissioning And Active Duty Assignment With Associated Pay.
  - Average $6,000 Pay Loss Per Person
- Graduates Will Have:
  - No Jobs
  - No Income
  - No Housing
  - Difficulty Making Temporary Arrangements
- Three To Four Month Delays In Reliefs Will Occur At the Junior Officer Level.

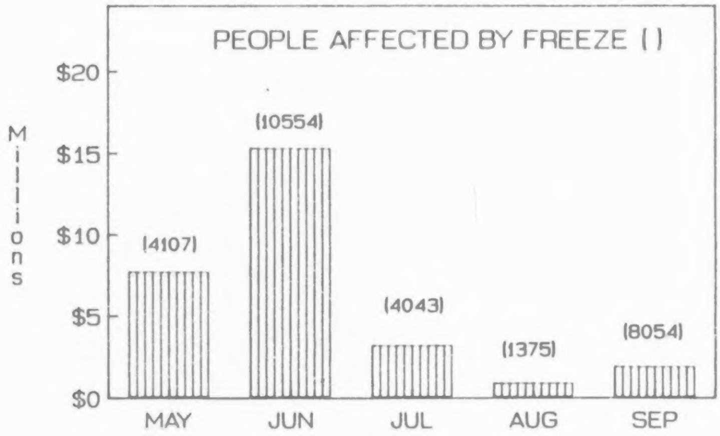
NROTC Delay
Pay Loss to People



Enlisted Advancement Freeze

- $29.0M Saved
- 28,133 Sailors Delayed 1 To 5 Months
- Average $1,000 Lost Earnings Per Sailor
- 11% Loss In Expected Income
- Affects Only Most Deserving Sailors

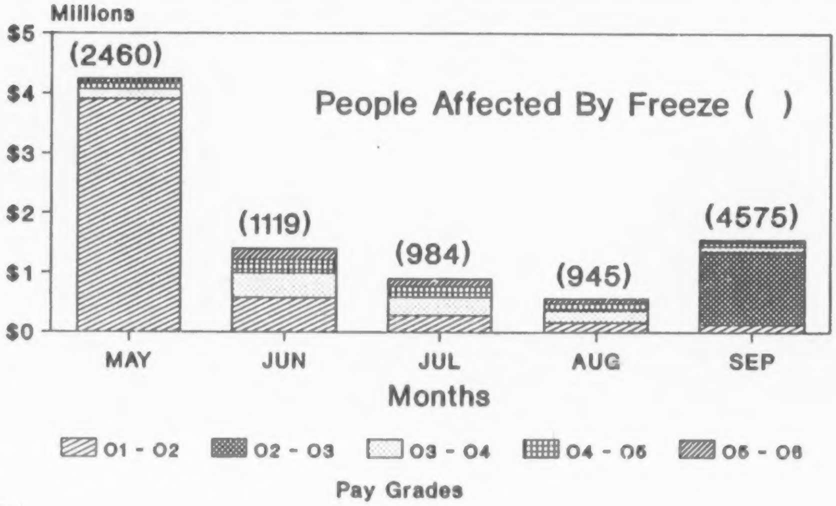
Enlisted Advancement Freeze
($29.0M Saved - 28,133 Sailors Affected)
Cost To People



Promotion Freeze

- Maximum Impact Felt By 8835 Junior Officers Who Can Least Afford It.
- 3485 Officers Delayed From LTJG To LT Are The Same Officers Delayed From ENS to LTJG During FY-88 Promotion Freeze.
- People Who Lose Compensation Due To Promotion Freeze Must Pick Up The Workload Of Early Releases And NROTC Delays.

Officer Promotion Freeze
($14.3M Saved-10,100 People Affected)
Cost To People Per Month



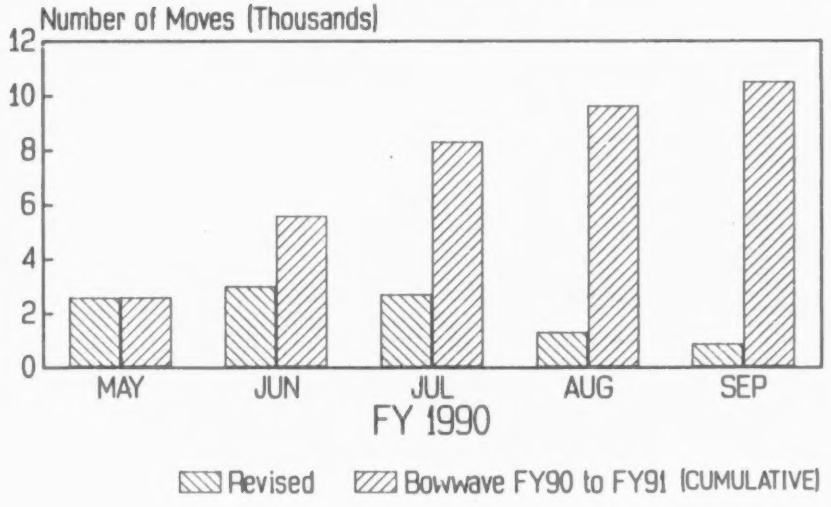
130-4

PCS Program

- o Five Month Involuntary Extension
  - 14,000 Moves Will Not Be Executed ($32.5M)
    - -- 43.4% Reduction In Moves
    - -- 8,000 Members Extended Beyond Five Years At Sea
  - 11,000 Existing Sets Of Orders Will Be Cancelled
    - -- Some Members Have Sold Homes/Moved Families
  - 5,000 Reenlistment Incentive Moves Cancelled
- o FY-91 Move Requirements Increase By 14,000

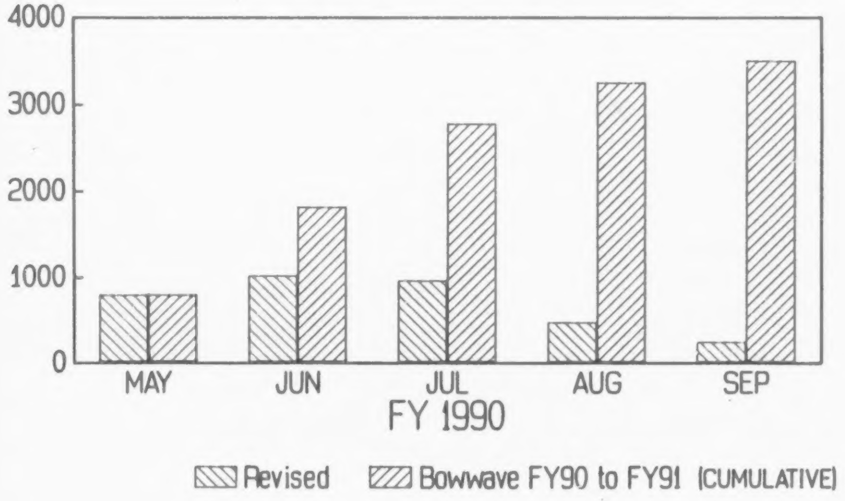
Enlisted PCS Moves

$19.3M Offset



Officer PCS Moves

$13.2M Offset



Impact of Selective Reenlistment Bonus Suspension Effective 1 May 90

SRB Generates Reenlistments In Skills Where We Would Not Be Able To Retain Trained And Experienced Sailors (Otherwise We Do Not Pay SRB)

- Minimum of 9,655 Reenlistments Lost
  - 1,297 Surface Engineers
  - 681 Nuclear Propulsion Technicians
  - 1,631 Combat Systems/Operations Techs
  - 390 Aviation Techs
  - 231 Medical/Support Personnel
- Over 4000 will not be recovered
- Replacement Cost:
  - Over $183,000 And 10 New Accessions Per Tech
    - -- Avg. Cost In SRB To Retain: $14,183
  - Example: Sonar Tech With 10 Years:
    - -- Training Cost: $630,000;
    - -- Recruits To Replace: 24.61
- Total Cost: Over $773M, and 40,000 Untrained Accessions

Loss Of Reenlistment Bonuses

May - Sep 1990

Community	Retention Decline	Personnel Lost	Replacement Costs ($M)
Nuclear Field Personnel	-32%	681	186.5
Engineering/ Safety	-13%	1297	166.3
Aviation	-5%	390	91.3
Operations and Fire Control	-17%	1631	311.3
Medical/Other	-11%	231	17.6

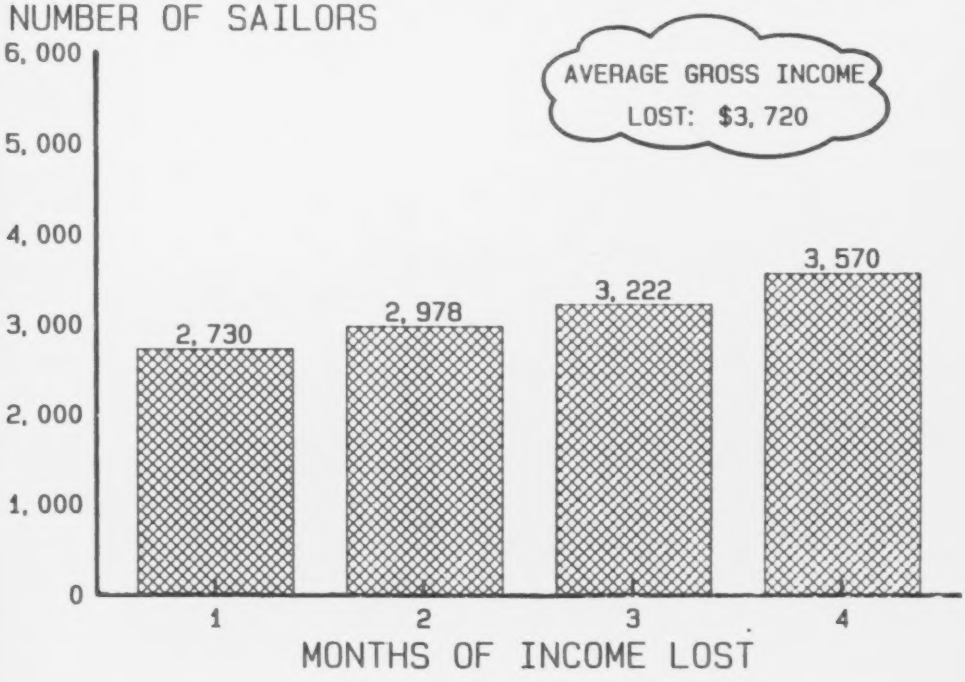
4230 Lost Reenlistments . . . $773 Million Replacement Cost

12,500 Enlisted

Involuntary Early Release Impact

- Accelerated Loss Of 12,500 Skilled/Experienced Sailors
- 12,500 Unemployed With One Month's Notice
  - Civilian Plant Closings Require Six Months By Law
- Significant Family Upheaval
  - Forced Out Of Government Housing
  - Children's Education Disrupted
  - Loss Of Medical Protection

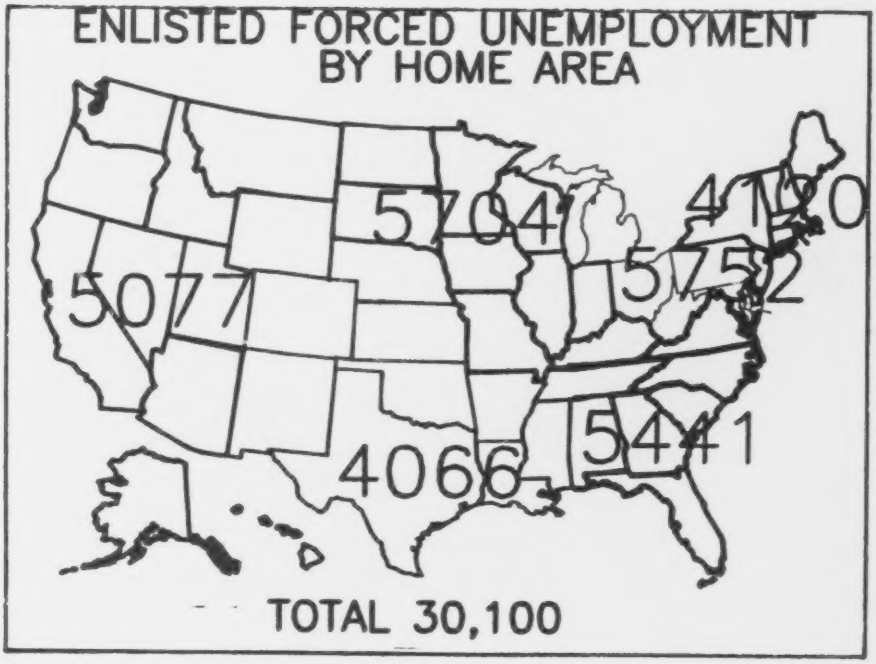
12, 500 ENLISTED
INVOLUNTARY EARLY RELEASES

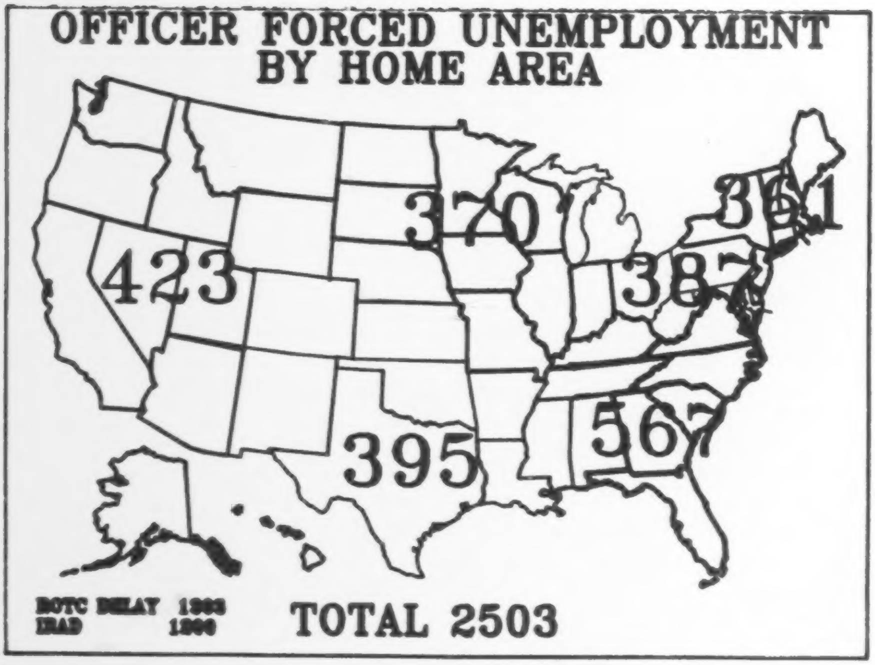


1200 Officer

Involuntary Release From Active Duty

- Average LT USNR with Four Years Time In Service
- Leave One Year Earlier Than Expected
- Loss Of Salary = $38,000 per year
- 1200 Unemployed With One Month's Notice


ENLISTED FORCED UNEMPLOYMENT
BY HOME AREA
5077
5704
4120
5752
4066
5441
TOTAL 30,100



OFFICER FORCED UNEMPLOYMENT BY HOME AREA

370
361
423
387
395
567
ROTC DELAY
IRAD

TOTAL 2503

Impact Of Actions

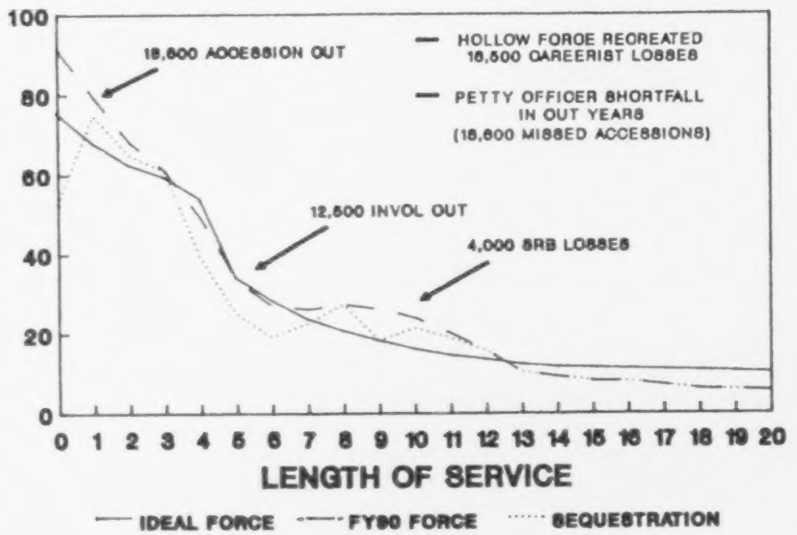
- Major Shortfalls In Fleet Manning
- Drop In Retention/Talented People Leave In Droves
- Loss Of Career Protection
- Pay Withheld
- Increased Workload
- Increased Family Separation
- Major Loss Of Trust In Leadership
- Could Not Shape Force Of 1990's

Fleet Readiness Degraded

- 21,348 Ship/Squadron Billets Gapped (9,952 Shore Billets Gapped)
  - 9,075 Experienced Career Petty Officers
  - 10,880 Junior (E1-E3) Sailors
  - 1,393 Junior Officers
- 163 Deployed Ships/Squadrons And All Subs Manned At Expense Of Non-Deployers
  - Significant "Cross-Decking" Occurs--Sailors Transfer From Ship In Homeport Or On Local Operations To Another Ship Ready To Deploy
  - Non-Deployed Unit Manning Drops By 12%
  - Average At Sea Workweek From 81 To 91 Hrs
  - Increased Workload -- Decreased Safety
  - Recreates Hollow Units And Personnel Turbulence Of 1970's
- Readiness, Morale, Retention Decline

• • •DOWNWARD SPIRAL INITIATED• • •

FY-90 ENLISTED 31K STRENGTH LOSS



If Reprogramming Is Not Approved, Navy Will Execute An Uncontrollable Force Reduction That:

- Hollows The Force Immediately
- Hurts The People On Active Duty
- Cuts The Quality As Well As The Size Of The Force

Navy Strategy Achieves Force Reductions And:

- Takes Personnel Cuts Only In Conjunction With Force Level Reduction
- Takes Care Of People Who Are Aboard Now
- Fills Sea Billets
- Maintains Reasonable Sea/Shore Rotation
- Maintains Reasonable Promotion Opportunity
- Builds For Future (Quality And Quantity)

FY-90 AND 91 BUDGETS SUPPORT THAT STRATEGY

Admiral **Boorda**. But the way that we are handling the valves that we can deal with, what retention you permit, what retirements you require and how recruits you bring in, are all sized and planned to bring the force down in a balanced way.

The balance would be upset this year and I would not be able to do that, but I would like to submit all of this for the record. I think we really do in plain simple terms have our act together and have a plan for the future that we execute.

Senator **Exon**. Thank you, Admiral. Thank you, Mr. Chairman.

Senator **Glenn**. Thank you. We have obviously explored the reprogramming business pretty well. I would like to use the first part of my time now to sort of sum up as I see it. And I would like to do that by saying first that I hope all of these arguments made so well here this morning were made to your superiors last fall and last summer.

If they were not, they should have been. If they were, then somebody should have been listening and done something about it. There was not even a recommendation made from the Defense Department to the administration, which I find a little bit difficult to believe.

So all I can say in that regard is that the leadership of the Department is what put us into this position, and I hope when this reported out to the sailors and soldiers and airmen and marines out there that they realize what happened.

I know they are not that concerned with "inside the Beltway battles," and that is most of what this is.

But I would like to summarize what has happened, what DOD has done, consciously, because it intentionally put some military personnel in the position that they are in today.

And I would like to quote from a memorandum, an internal staff memorandum here that was used in discussing this with the administration last fall. This was dated November 8, and I quote in part:

"If the President, elected to exempt the personnel accounts from the sequester by $1 billion, then DOD would have to make up this approximately $1 billion in outlay cuts from all other accounts with across-the-board cuts, and the result would be $2 billion to $3 billion in budget authority cuts from the rest of the slower-spending DOD accounts to offset the $1 billion in military personnel cuts.

"By allowing the sequester to go into effect in the military personnel accounts, DOD will get full scoring credit for the high-outlay savings in these accounts. Then after the sequester has been applied and the dust settles, DOD could reprogram funds from slower spending accounts into the military personnel accounts to mitigate the impact of the sequester in the personnel accounts.

"Since transfers and reprogrammings are currently not scored by the budget committees, DOD can use this post-sequester transfer process to offset $1 billion in personnel budget authority cuts, equal to almost $1 billion in outlay savings, with $1 billion in procurement budget authority cuts, which would only be $150 to $200 million in outlay savings in the current fiscal year.

"In other words, this transfer authority gimmick will allow DOD to mitigate the impact of a sequester on the personnel accounts without making the across-the-board cuts in the rest of the DOD budget required under Gramm-Rudman-Hollings to achieve the full outlay savings in the current fiscal year to meet the sequester target."

That is all from that report, but I would add that by putting as many military personnel programs at risk, the DOD is betting that Congress will back down on this game of chicken and allow DOD to avoid the full impact of sequester after the fact, and that is the situation in which we find ourselves.

In other words, we are talking about a shell game here. It is a shell game of fairness for our military people out there in the field.

I do not know whether it is going to be up to the Senate to turn all of these shells up and start over again or what, but we do not feel very good about what has happened obviously.

Now, let me address one other thing, a number of witnesses in the past, along with Mr. Jehn this morning pointed out, that according to the language in the conference report on the Fiscal Year 1990-1991 Defense Authorization Act, indicating that the conferees expect the Secretary of Defense to submit reprogramming requests for additional military personnel funds as he deems appropriate as justification for the reprogramming requests we are discussing.

The fact is that the particular statement is being used out of context. The statement relates to action taken by the Congress before the administration's four-month Gramm-Rudman-Hollings sequester decision.

Quite frankly, that decision, along with substantial adjustments to the manpower accounts in the fiscal year 1991 amended budget requests have overtaken the action that prompted this statement.

The fact is that the reprogramming requests have been submitted to overcome the effect of the Gramm-Rudman-Hollings sequester on manpower. It says so in black and white. I will quote from the Army's reprogramming request:

"The purpose of this action is to reduce the adverse impact on military personnel man-years, readiness and response capability resulting from the mandatory Gramm-Rudman-Hollings sequestration."

A quote from the Navy's reprogramming request:

"This action requests authority to transfer funds to military personnel, Navy 1990, $285.1 million, and military personnel, Marine Corps, fiscal 1990, $85.7 million, to offset sequestration reductions in pay and allowance budget activities."

A quote from the Air Force reprogramming request:

"This action requests authority to transfer $228 million from various accounts to offset finance: (1) Gramm-Rudman-Hollings sequestration," that is number one. "(2) congressional entitlement increases, (3) security assistance, fair-pricing legislation and (4) a price discount for congressional end strength reduction."

I would add here that 70 percent of the reprogramming is to offset Gramm-Rudman-Hollings sequestration. So the purpose of these actions, I think is crystal clear. Only the Air Force cites any other reason for the reprogramming but Gramm-Rudman and these other reasons are only a small part of the Air Force's reprogramming.

So perhaps it is more than we ever wanted to know about reprogramming, but I think that wraps it up and puts all the information in one statement as to our view, and we can get on to other issues.

Active duty end strengths, Mr. Wincup, the amended budget request calls for a reduction in active Army end strength of 25,600 for 1990 and 16,700 in 1991 for a total reduction of 42,300 over the 2 years.

Will involuntary separations be required to achieve these reductions?

Mr. WINCUP. Mr. Chairman, at that level we will be required to involuntarily separate. We would like to be able to RIF regular officers as a part of that 1991 program.

There are situations that we can envision that would require that, and certainly if the cuts—cuts any further than that—are required, we would certainly need that authority.

Senator GLENN. How much more of a reduction in active Army end strength do you expect by the end of the current 5-year defense plan in fiscal year 1996?

Mr. WINCUP. Sir, we have submitted a program to the Secretary of Defense which would be roughly an additional 100,000 over the 5-year period for active duty, a total of 135,000 over the 5-year period.

Senator GLENN. Okay. Now, will that be modified as we go along with the Total Force Policy Study that Mr. Jehn is heading?

Mr. WINCUP. That's an active duty end strength. It could well be affected by the Total Force Study, depending on the recommendations that they approve.

Senator GLENN. If you have to go ahead with your officer RIF, how many officers would be affected?

Mr. WINCUP. Sir, the regular officers under the proposals that we have before you, the administration's request at this time is in the 300-400 additional range potentially.

Senator GLENN. 300-400?

Mr. WINCUP. Yes.

Senator GLENN. Out of a total officer strength of?

Mr. WINCUP. About 104,000.

Senator GLENN. Mr. Cooper, the amended budget request calls for a reduction in active Air Force end strength of a total of 41,000 over the 2 years. Will you have to go to involuntary separations?

Mr. COOPER. We hope to do very few, sir.

Senator GLENN. Do you think you can get by without any, or is that marginal?

Mr. COOPER. I think we would make any effort to get by without any.

Senator GLENN. General Hickey, you had your hand up back there——

General HICKEY. To be technically correct as we try and bring down our career force as well as deal with the adjustments and accessions we are looking at, and I think we will present a controlled career entry process at the beginning of their career entry which would mean we may in fact deny some small numbers and some selected skills career entry. That is an involuntary process.

We are also reducing the higher tenures so we will ask some people to retire a little bit earlier than they otherwise would.

Senator GLENN. Mrs. Pope, the Navy involuntary separations to get down to your reduction Navy end strength 2,150 for 1995 and 5,700 in 1991 for a total reduction of 7,850 over the 2 years, with corresponding reductions for the Marine Corps at 220 and 233. Can you do that without getting into involuntary separations?

Mrs. POPE. The Navy is not planning on doing involuntary. The Marine Corps is hoping not to. The Secretary is adamant in doing almost anything to avoid involuntary outs.

The Navy had a recent experience 2 years ago of trying to get down in numbers and we were projecting to reduce by somewhere between 6,000 and 8,000 and because we had no experience before in a voluntary force, we ended up with 14,000 people walking out of the door.

So, we are going to try not to and it is not in the plans at this point to reduce by involuntary outs.

Senator GLENN. Mr. Cooper, the Army's and the Navy's strength reduction in this amended budget request generally tracks to force structure adjustments in their services, and there appears to be no similar connection between the 41,000 reduction and active Air Force strength and active Air Force structure.

What is your assessment of those reductions and how much hollowness is going to occur from this? Also what force structure, if any, do the 41,000 reductions of Air Force track to?

Mr. COOPER. In the short term we are going to have some hollowness in force, sir. What we are attempting to do is get the results of the studies that are going on in order to determine what force structure needs to be cut back.

Currently we are attempting to not reduce force structure at this point.

Senator GLENN. My time is up. Senator McCain.

Senator McCAIN. Thank you.

Secretary Jehn, what legislative relief do you need to execute the necessary reductions with the least negative impact on people, and to prevent a reoccurrence of the problem that we have experienced today, recognizing that you have no ability to influence whether sequestration itself takes place.

Mr. JEHN. We have been pretty clear on this all along. The first thing we need and can use as soon as possible—especially, in the Army—and I will let Mr. Wincup address this as well—is relief from certain provisions of the DOPMA. Then, as well, we are working on a request to alter the separation pay entitlements to include enlisted personnel as well as officers. Those will certainly be required in 1991.

I believe the Army could really use this help right now in 1990. So, the sooner we get the DOPMA relief, the better.

Mr. WINCUP. Senator, that is true. Mr. Chairman, Senator McCain, the Army is particularly looking for the amendments to the Defense Officer Personnel Management Act.

In that respect there are three things that we are anxious for and need as early as possible, the principal one being the authority to RIF regular officers. We are not happy about that situation, but we see no way to keep the officer corps balanced without that authority.

Senator McCAIN. You are the only one of the three services that needs that kind of immediate relief, Secretary Jehn, is that correct? The Army is the only one that needs that relief?

Mr. JEHN. Right now. The others may later which is why we would like it to apply to all services. Thank you.

Mr. WINCUP. Senator, that is in our plan that we need that authority.

If you foresee reductions in the budget process over the administration's request, I would ask you with great urgency to give us that authority early. It will take us a long time to implement those reductions, almost a year to get those done.

So, if there are further reductions in your judgment coming in 1991, we need that authority in late spring or early summer so that we can start a process down that line, particularly the RIF authority.

There are other authorities that we are asking for under DOPMA with respect to trying to expand our ability to reduce the officer corps in an appropriate manner.

Senator McCAIN. In the meantime, have you convened any boards or studies to reduce Reserve officers?

Mr. WINCUP. Well, sir, we have convened boards that are selectively early retiring officers at senior grades. To the maximum extent possible, we have been doing that for a period of time.

This year for the first time we have convened a board to get at probationary regular officers for the first time in their first 5 years to look at them early in the process.

We continually have a board process with respect to what we call career voluntary indefinite, I believe, Reserve officers at that point where we look at them and make decisions whether we are going to continue them or not.

Senator McCAIN. Secretary Jehn, could we have within 2 or 3 weeks or a month, the specific legislative relief that you need in order to accommodate this new situation?

The chairman has a series of hearings planned, and clearly we are going to have to address these requests as soon as possible.

Some of the legislation, as you know, is not that old and is going to need some change. How soon do you think we could have that laundry list of legislative changes necessary to give you the kinds of tools that you need?

Mr. JEHN. The time period that you mentioned is well within our ability to meet. We will work closely with the staff of the committee and your staff to make sure you have everything you need. That is among our highest priorities.

Senator McCAIN. Thank you.

Mr. Cooper, Mrs. Pope and Mr. Wincup, is there going to be any augmentation opportunities for Reserve officers under this new situation that we face?

Mr. COOPER. Yes, sir. In the case of the Air Force we plan on continuing to offer the ability to augment.

Mrs. POPE. We are planning to. Again, we do not know what is going to happen. I think a lot will depend on the Total Force Study that is currently going on in the building.

Mr. WINCUP. We certainly do plan to allow reserve officers to augment the regular force and one of the reasons we are taking this somewhat drastic step of asking for RIF authority of the regular officers is so that we will be able to preserve the quality of reservists we have who are currently other than regular officers (OTRA).

Senator MCCAIN. Last year the Congress expanded the benefits of the Montgomery GI bill for the Reserve components but did not make the program contributory on the part of the service member. The Department was required to review the matter.

Has the Department come up with a view on expanding education benefits without service members' contribution?

Mr. JEHN. I do not think we have, sir, yet. I think we are planning on getting with you later this spring on that.

Senator MCCAIN. Thank you. I have no further questions. I thank all the witnesses for being here today.

Thank you, Mr. Chairman.

Senator GLENN. Senator Exon.

Senator EXON. Mr. Chairman, Thank you very much.

I also wanted to add my thanks for all of your being here today. This meeting has been very helpful to us maybe to understand what both sides have to do in this matter to protect some very vital manpower and womanpower functions.

I want to look a little bit to the future following up on what Senator Glenn and I believe Senator McCain also have been into with regard to Gramm-Rudman-Hollings.

Here we have another clear indication of the game playing that goes on with Gramm-Rudman-Hollings and has since the inception of that act that has not reduced the budget deficit but has been a very convenient act in my opinion to project the reduction.

And here is just one more example. Had the administration done what they should have done last August, they probably would not have met their Gramm-Rudman targets, and here we are again using that gimmick to say we did meet Gramm-Rudman targets when we know they did not.

I just cite, for example, that when the Congress left here last year, the official word was we had met the deficit target of $100 billion and within 60 days thereafter that target was magically moved up to $120 billion indicating that we were at least $20 billion off, and the GAO says we are further off than that.

To keep some degree of honesty in this process, especially with regard to our personnel, can we expect, Secretary Jehn, that this August, which is only 6 months away, can we expect and proceed with the matter before us and hopefully dispose of it in a satisfactory fashion as you are requesting here today?

Can we expect that this August it will be your recommendation that we do indeed exempt military personnel from the Gramm-Rudman when that call has to be made this August?

Mr. JEHN. I expect I will recommend it, especially in light of what we have been going through the last week or so. I, too, do not want to go through this again and, as I said, what I am most concerned about, of course, is the long-term effect on the perceptions and the attitudes of people in uniform. So, I will try to make as strong a case as I can that we protect our military personnel.

Senator Exon. I would like to have a statement in that regard from the rest of the assistant Secretaries, starting with you, Mr. Wincup.

Mr. Wincup. Senator, I would say that our responsibility is personnel, and we will certainly argue very strongly that they be protected in any scenario.

I would say to you, sir, that it is not our decision other than to recommend. But if there is a substantial sequestration on the horizon, a decision as to a balanced force is not ours, but I would say that is a very difficult decision.

If you exempt military personnel entirely from reductions and we are talking about a massive reduction in the force, we may have military personnel out there without equipment or the funds to maintain them.

So, as I say, that is a difficult decision that the Secretary of Defense will have to make. We will certainly argue for all the appropriate protection of our military personnel.

Senator Exon. Mrs. Pope.

Mrs. Pope. Senator Exon, I believe you could count on the arguments being made here today, being made to our bosses. As Mr. Wincup said, it is not our decision alone, and it is on behalf of the Department of the Navy.

You can count that it will be our recommendation.

Senator Exon. And, Mr. Cooper.

Mr. Cooper. Yes, sir. I would certainly recommend that very early on we take any steps that we can that would prevent the serious consequences that we have been describing today.

Senator Exon. The last question that I have, Mr. Chairman, is best directed to Mr. Wincup.

Kim, have you in your responsibilities decided what balance there should be between reduction in personnel from the regular forces to the Reserve and Guard forces? If you have a certain reduction in uniformed, full-time personnel, do you take the same percentage off the Guard and Reserves or is it on a case-by-case basis within certain departments of the service?

Mr. Wincup. Senator, that is a very important question. Basically, most of the Active force has the combat components in the Army, although the National Guard certainly has a large combat component, eight divisions of combat.

If we are going to reduce combat, we need to take the combat support and combat service support that goes with it. That tends to reside, to a degree, in the Army Reserve in particular. So as we reduce the Active force and in particular as we take down force structure, we would arguably need to take down the Reserve forces which support that force structure.

I would say to you we do plan to reduce the Active force 135,000, would expect there will be a certain reduction that goes with the Reserve forces, but that number and the character of the force is really dependent on the Total Force Study which you all have directed should occur, and we will await those results and are participating actively in that to see that that works out in a balanced manner.

Senator Exon. Let me ask this question. I am not sure I know the answer to it, but generally speaking since we anticipate that the Reserve and Guard forces are less expensive than full-time uniformed forces, if we are looking at the national security interest of the United States, could not a case be made that we should not be cutting the Guard and the Reserves substantially? In other words, we would be transferring some of the ready combat responsibilities to the Reserve and Guard forces and, therefore, could not an argument be made that they, the Guard and Reserve forces, should not be proportionately cut?

Mr. **Wincup**. Well, sir, I think that is a strong argument that we will look at as part of the total force.

I would just note that over the last 8 years the Guard and the Reserve and the Army have grown by 30 percent at the same time that the Active force has not grown and proportionately as the Active force goes down, the Guard and Reserve are going to be proportionately a much more important part of the Army's ability to perform. So your point is a good one.

We will look at taking specific missions now performed by Active units and putting them in the Reserves—particularly because we have more warning time, but it needs to be put in a broader context, and the Total Force Study allows us the chance to do that.

Senator **Exon**. Thank you, folks. Thank you, Mr. Chairman.

Senator **Glenn**. I would like to follow up on Senator Exon's comment. Our experience has been, and the reason for that Total Force Policy Study is, some jobs the Reserves have done exceedingly well at and some jobs the Reserves have done a lousy job at, and that is what we are trying to define for the future and that is what can be logically assigned.

There may be something that might have to come back out of the Reserves and into the Active forces simply because it was not done right in the Reserves. It is a mixed bag, and I am all for things that can save money if we can do the same job and keep the combat readiness.

I hate to keep harping on that, but I will anyway. Combat readiness is what we have to have. Can they do the combat job or not? And we are going to do the job with the least possible cost, but we could save a lot of money and not have any combat capability left, too. So that is what the total force policy analysis is going to give us some guidance on. That is a very important study. I reiterate what I said before.

The fiscal year 1991 European troop strength ceiling is 311,855, almost 312,000. It does not take into account the 30,000 reduction proposed in CFE 1 and the additional 50,000 proposed by the President and agreed to by the Soviets.

The President's latest proposal almost renders CFE irrelevant. Should we not at least reduce European troop strength by at least 30,000?

Mr. **Jehn**. Sir, we would like to wait to do all that until we have a ratified treaty. In the meantime, though, as far as legislated troop ceilings are concerned, the Department has consistently opposed them and continues to do so, because they limit the flexibility we need to move people, forces, and units around.

Senator **Glenn**. We hear talk that I do not want to lend credibility to necessarily, but there is talk that the budget committees are talking about a cut in the range of $5 billion to $15 billion overall to the fiscal year 1991 amended budget request. Do you have any estimates of what this would mean in manpower strength in fiscal year 1991 if we go to cuts like that?

Mr. JEHN. No, we have none. Obviously it would depend in part on where else the cuts are taken. Right now we are still hoping and expecting that the 1991 budget will be approved as the President has requested.

Senator GLENN. Are you doing any contingency studies, though, just in case it does not come out quite the way you asked for it?

Mr. JEHN. The best response to your question is that this group before you today talks frequently about long-term plans we have to make for long-term force structure changes. I hope in the eventuality that our 1991 budget is not approved exactly as we have requested it, that we are able to cope adequately with those changes, and preserve both the quality of the force and its readiness, in addition to acting fairly toward our people.

Senator GLENN. Are there any meetings inside the Pentagon going on saying what if this does occur, then what is going to occur in manpower accounts, and what is going to occur in other accounts, and things like that. Is there not any contingency planning going on?

Mr. JEHN. Not at the moment, sir. As I said, we are hoping and expecting that the President's budget will be approved as requested.

Senator GLENN. I would highly advise you to convene a contingency meeting. Mr. Wincup.

Mr. WINCUP. Mr. Chairman, if I may, while we cannot give you specifics as to what would occur, I can tell you with great confidence that in the Army reductions of that amount, certainly if they are large reductions in outlays, mean that the Army will have great difficulty managing that kind of turbulence, and the effect is going to be that our combat readiness will go down. We will have fewer skilled people in positions we need, and we will be less able to manage them.

Senator GLENN. I would repeat what I said starting at the hearing today. I am not one pushing for this. I think we are jumping pell mell into unilateral disarmament almost in some areas when we should be using those things as negotiating points at Vienna and Geneva to get a reduction in Soviet strength. Then we could look forward to peace, maybe.

A threat to this country comes from two sources, the military manpower and hardware, and the other is the political will and ability to use it. Now, what has happened, the political will and ability has all turned to worms for them over there, but the hardware is still there. I will be much more confident in the future when I see the actual hardware and manpower downhill. Then maybe we can really look forward to peace and not say well, if the military took over and got jumpy over there, would they do something stupid with all that military power they have, or would they not.

I do not know the answer to that. The only way to make sure they cannot do something, the threat cannot be resurrected in a short period of time, is to make sure it is negotiated downhill. I have been very critical of these announcements of unilateral reductions that are made.

General and flag officer strength, Mr. Jehn, in response to a question raised by Senator Thurmond at the Armed Services Committee hearing last Wednesday, General Vuono, General Welch and General Gray indicated that general officer strengths in their respective services would be reduced as forces are reduced. Admiral Trost indicated the Navy would not reduce its admiral strength because the Navy does not anticipate reducing its forces.

Given the strength reduction the Army and Air Force are taking in the amended budget for 1991, 42,000 in the Army, 41,000 in the Air Force, how many general officer positions will each service eliminate in fiscal year 1991?

Mr. JEHN. I cannot tell you today, but we are responding as I think you would want us to, namely to look at the entire requirement for general and flag officers, and adjust those numbers as end strength reductions are made.

Senator GLENN. Any other comment on that from the Army or the Air Force?

Mr. WINCUP. No, sir.

Senator GLENN. Would you provide for the record, your plan for reducing general and flag officers strengths for each service to correspond with the force reductions programmed in your 5-year defense plan?

Mr. JEHN. We can do that.

Senator GLENN. We would like to have that for the record if we could.

[The information follows:]

DOD and the services recognize that GFO requirements will decrease with force structure reductions. In anticipation of those reductions, Secretary Cheney has directed the services to provide him with their plans to reduce the currently authorized number of GFOs concurrent with force structure reductions. The services have already identified GFO positions directly associated with force structure reductions (Division Commanders, Air Wing Commanders, etc.). They can be expected to also target a number of GFO billets in staff and support functions that can be downgraded to O-6 or lower as a result of decreased duties associated with the force structure reductions. As the size of the total force is reduced, joint duty GFO requirements will be reduced. Secretary Cheney has asked the Chairman, JCS, to review joint duty GFO requirements, looking for those that could be downgraded to O-6. Additionally, reductions in GFO requirements could be afforded by the ongoing Defense Management Report implementation. The specifics of the reductions, including the number to be reduced and the timing of those reductions, will require a more detailed evaluation.

Mrs. Pope, Admiral Trost's answer that the Navy has no plans to reduce Navy admiral strength assumes the Navy forces will not be reduced. However, if they are reduced, do you agree that Navy admiral strengths should be reduced correspondingly?

Mrs. POPE. Mr. Chairman, yes. We would have to look at our flag officer end strength. Again, we have a problem with, and you are well aware of, the Department of Navy's position on the small number of flag officers we have, so, that would be taken into consideration before we reduce those numbers.

Senator GLENN. Pay and benefits, we talk about our personnel being our most important item in defense of this country. I agree with that, and yet the Pentagon has let pay slip downhill quite often.

A recent news article in the Army Times reported that an official from your office, Mr. Jehn, I believe it was Lieutenant General Jones, was quoted in the Army Times, said that a plan to reduce the gap between military pay and the private sector was approved by the Office of Management and Budget but killed in negotiations with Congress.

Mr. JEHN. I am not aware of what General Jones was referring to there. That must have been some months ago.

Senator GLENN. February 12, 1990.

Mr. JEHN. I mean the action he was referring to.

Senator GLENN. Okay, because it leaves us a little mystified over here, too, and I would like to get some clarification for it. OMB tells us they have no knowledge of any such agreement, and we have no knowledge of any such agreement. And we also have no knowledge of it, therefore, being killed in the Congress. So the article would lead a reader to conclude that the Congress is not supportive of military compensation and benefits. We both know that to be untrue.

So, if you could get any clarification for that, we would appreciate it.

Mr. JEHN. I will try to do so.

[The information follows]:

ARMY TIMES ARTICLE

The February 12 article stated that a "plan to reduce the gap between military pay and the private sector (was) killed in negotiations with Congress." This unfortunate misquotation occurred despite the Department's pre-publication suggestions to the author that the decision to establish the fiscal year 1991 military pay raise at 3.5 percent was the administration's. The error in reporting was attributed to the writer's unfamiliarity with personnel and compensation issues. Shortly after the article's publication, the error was discussed with an experienced Times reporter, resulting in a retraction in the next week's edition.

Senator GLENN. Along that same line, inflation for the next year is forecasted at 4.1 percent. The ECI, which is the private sector wage estimates of pay and allowances and so on, is estimated to be 4.9 percent next year. The request for pay increases for our military is only 3.5 percent. Why?

Mr. JEHN. We wanted to get a higher request, sir, but the 3.5 percent was the result of budget deliberations and budget considerations, quite frankly. We were disappointed we did not get more. We will argue for more in future years.

Senator GLENN. I would like to see us go to the 4.9 percent for our military personnel if we could or at least fight for that 4.1 percent, and that means once again, we are back in on the accounting problem of where does it come from and reprogramming and all sorts of things that are going to be very difficult in this year of turmoil.

So, I wish that had come over at a higher figure, because it is very difficult when the administration comes in with that figure, and instead of catching up, which everyone has said we want to do, we are getting further behind and doing it intentionally by not requesting enough to begin with. And then we will get blamed over here for not overriding you and putting it up higher.

Mr. JEHN. I hope not.

Senator **Glenn**. Well, you can bet we will. So, I wish we could have a little more realism in what we want and what we suggest in the budget.

Mr. **Jehn**. If I may just comment on that. The whole issue of annual adjustments to pay is something, as you know, we will address in a systematic and extensive way in the upcoming review of military compensation.

Senator **Glenn**. On pay, the amended budget request submitted by the President would freeze the cost of living adjustment for military retirees in 1991, and then cap future COLA adjustments at CPI minus one permanently into the indefinite future. Do you agree with the proposal to freeze and then reduce COLAs for military retirees?

Mr. **Jehn**. No, sir. The Department has consistently opposed those actions.

Senator **Glenn**. Was that an OMB-generated requirement?

Mr. **Jehn**. Yes, sir.

Senator **Glenn**. How strong of a case have you made to OMB on that?

Mr. **Jehn**. I have not been involved in any of those discussions in the last several months.

Senator **Glenn**. Once again, we are in the spot here of if we do not deal with it, we have done wrong, and if we do deal with it, we are overriding the President's budget. So, once again, it is very difficult for us to do that at this end of the avenue here.

We had a hearing in the Governmental Affairs Committee on a GAO report that documents deficiencies in procedures of the Department of Defense in making timely and accurate adjustments to, among other things, adjustments to the overseas allowances of military personnel. Are you aware of that report?

Mr. **Jehn**. No, sir, I am afraid I am not.

Senator **Glenn**. It involves the Per Diem Committee and some of the unfairness where people overseas are treated in a different way than our people stationed domestically here.

The Per Diem Committee is the body in DOD that is responsible for making overseas allowance adjustments that has a rotating director. It is directly managed by ASDFM&P. Could you look into that and give us some advice on that, because we think there were some things that were very unfair, and we would like to see those addressed.

Mr. **Jehn**. I will do so.

[The information follows:]

GAO Report Concerning Overseas Allowances

Based on concerns about the overseas housing allowance and cost of living allowance programs, the House Armed Services Committee requested GAO obtain service personnel views on the adequacy of these allowances and evaluate the methodology and timeliness of the adjustments. According to the findings in the GAO final report entitled, "Overseas Allowances: Improvements Needed in Administration," dated February 12, 1990, most service members interviewed were generally satisfied with the amounts of the allowances. However, GAO identified problems in the data collection process and cited a lack of internal management controls in several areas. Timeliness of the adjustments was not a major problem; however, GAO suggested that adjustments could be accelerated somewhat by using standard statistical sampling procedures and computers to perform required calculations. The final GAO report contained four recommendations. These included strengthening the management controls of the current data collection and analysis process; submission of a report that addresses the resale value of items included in the allowance and the definition of what constitutes a reasonable expense; development of uniform policies and guidance based on standard statistical methods; and development of statistical sampling procedures for collecting living pattern information and evaluation of the cost-effectiveness of automating the system for collecting and analyzing living patterns and retail prices. The Department generally concurs with most of GAO's findings and recommendations and has already taken action to remedy or improve many of the deficiencies cited in the GAO report. The formal DOD response to the final GAO report is currently being staffed within the Department.

Senator GLENN. We gave the Secretary of Defense the authority to realign 250 colonel positions in the Air Force to allocate them to different spots within the Department of Defense. What is the status of that reallocation?

Mr. JEHN. We are considering exactly how to do that. We have requested and just recently received input from the military departments as to how to allocate those 250 positions and we will be deciding on that shortly.

Senator GLENN. Is each one of the services still scrubbing these officer versus enlisted ratios carefully? We got into that hassle some years ago. It took me about 4 years to get some things going on that, and then, I would add, after taking a lot of guff and being criticized roundly from some sources in the Pentagon on that, I since have had two members of the Joint Chiefs of Staff tell me that what I did was actually very, very good and they should have done it themselves.

And so I am rather proud of that, even though I still take my licks off that one occasionally from people over across the river, but Mr. Wincup, how do you scrub those each year when you put in your personnel accounts for each year? What kind of a process do you go through?

Mr. WINCUP. Well, sir, we are certainly aware of the interest of this committee and the Congress in those ratios, so we have, just as a matter of priority, made certain that we watch ratios like that.

This year, we are in a draw-down phase, so we are very conscious of the fact of wanting to keep the force in balance during that process, and frankly, we are looking at policy choices, some of which you have suggested as we draw-down the force. We have chosen not to maintain force structure, but if we maintain capability in a hollow manner, we are likely to see more of a higher officer enlisted ratio than otherwise, because it tends to be the younger troops we would lose.

We are very conscious of that concern, both in your sense and in ours, because it is expensive to maintain high officer enlisted ratios, so, we do try and watch that carefully during the budget process, sir.

Senator GLENN. Mrs. Pope.

Mrs. POPE. Mr. Chairman, we continually consider the ratios. As you are well aware, the Navy and the Marine Corps are at the bottom of that ratio and continue to work with OSD as far as trying to spread out some equity in that. With the services all getting smaller, I do not know whether it is realistic to think that those ratios are going to improve, but we do continue to try and reach some kind of parity with the other services.

Senator GLENN. Services traditionally have different ratios just by the nature of the service and how they are organized, so you cannot just compare one with the other and say somebody is doing a good job and somebody is doing a lousy job. What I objected to before, and which turned out to be the case, that there were a lot of officer billets that have been created for whatever reasons through the years and have gotten completely out of whack.

And as I said before, we took a lot of guff on that at the time. I met in the tank over there with the Chiefs at that time, was roundly criticized, and then they went to work on it and did some scrubbing of those accounts and came out that the Defense Department itself, suggested 7,000 reductions in officer billets.

Your figure that we finally went with and cut off at the 3 percent instead of the 6 percent, but those were figures generated in the Pentagon that indicated that that was a cut that could be made.

Now, we do not want to start a reversal. All I am getting at today is be aware of this and do not let this start sliding out of control again, which is easy to do. As somebody in command, yeah, we just need three or four more, and 15 here and 20 there for whatever purposes, and pretty soon you are all out of whack, and we have far too many officers for keeping the lean, most cost-productive military that we could possibly have.

Mr. Cooper, what is the Air Force doing in this regard?

Mr. COOPER. I am aware of the chairman's concern and we currently are manning for our needs to adequately carry out the mission. But as I move along and continue to learn more about our officer structure, I will certainly keep in mind the chairman's concern and look at it frequently.

Senator GLENN. All right. One issue that has had a lot of comment in the paper since Panama, that is, women in the military. Mr. Jehn, Operation Just Cause in Panama underscored, among other things, the role of women in our military services. We do have the so-called combat exclusion laws with regard to the utilization of women in the Navy, the Marine Corps and the Air Force. Now, there are no similar combat exclusion laws with regard to utilization of women in the Army, but the Army does exclude women from certain combat roles as a matter of policy.

Do you believe the combat exclusion laws should be repealed?

Mr. JEHN. The Department does not have a position on this, sir. We believe the decision about women in combat and a repeal of the combat exclusion law is, in fact, an issue that needs to be resolved in public debate. It is an emotional and political issue that is best settled by the Congress reflecting the public's sentiment.

Senator GLENN. Well, I am not sure I would agree with you on that, because I think the bottom line in this is—and once again, I keep sounding like a broken record, but we are talking about combat capability, and I am sure there are a lot of roles women can fill just as well as men in combat. It seems to me we would be well advised to have a DOD-wide policy stated and not just leave it up to the political whims of the moment around the country. What you are talking about is keeping combat capability, and I say I would support women in combat in certain areas, if that is what you came up with as a recommendation.

But it would seem to me it should not be just left up to newspapers fanning the flame or whatever with regard to things of the moment and toss it back over here to the Congress. It would seem to me guidance for us should come from the Pentagon on that. Do you disagree with that?

Mr. JEHN. Yes, sir. The law, as it currently reads, I think is being observed faithfully and to the greatest extent possible in the Department, consistent with giving women opportunity and using them to the greatest extent possible. I think if we are going to have a major change in the way women are used in the military, however, the change is going to have to come via legislation by changing those combat exclusion laws.

Senator GLENN. But we have laws that apply to some and others do it by policy. Should it not be consistent within the Department of Defense?

Mr. JEHN. We try to make it consistent, sir.

Senator GLENN. It is not consistent now. Why would you be against repealing the combat exclusion law. That would let each service then set it by policy and not by law.

Mr. JEHN. We have not taken a position one way or the other on repeal of the combat exclusion law.

Senator GLENN. You just told me you did not favor it a minute ago.

Mr. JEHN. No, sir. I said we do not have a position. I am sorry if I was not clear on that.

Senator GLENN. I am sorry I misunderstood that.

I think that how we deal with this should be consistent. It should either be all services by policy as the DOD directs at any particular time, or it should be all by law one way or the other. So, I do think we need some legislation in this area, and I do not have any idea what direction it should go. Maybe that should be the subject of separate hearings and find out what people recommend.

Mr. Wincup, Congresswoman Schroeder has introduced a bill that would require the Army to conduct a test on the utilization of women in combat jobs. What is the Army's position on that bill?

Mr. WINCUP. Mr. Chairman, I do not think we have formally submitted a position. I would expect, though, that the Army would not be in favor of such a test, largely because we are not certain what we would learn, that would be of very much help with respect to the underlying issue of whether women should be in combat.

Senator GLENN. Now, you set this requirement or lack of requirement by policy, rather than by law. Would you prefer to be directed by law, or do you think the other services should be taken out from under the law and do their deciding by policy?

Mr. WINCUP. Well, sir, that is really a Department of Defense decision. We find some difficulty managing with a regulation. We do it, I think, fairly effectively. Lots of people try and help us, because it is only by regulation and not by law.

But I think we have a very effective policy in existence today, dealing with the probability of being in direct combat. We feel it was largely proven in Panama where the casualties we took, none involved women, although they performed exceptionally well and continue to perform exceptionally well.

Senator GLENN. But they were in units that were not expected to be in front lines combat positions, is that correct?

Mr. WINCUP. They were not in units that are P–1 coded, which is the highest probability of direct involvement in combat. They were in units that have some probability of being involved in combat. They just are not assigned to units that we consider to have the highest probability of involvement.

Senator GLENN. They were mainly in combat support units? Is that correct?

Mr. WINCUP. Yes, sir. That is correct.

Senator GLENN. A different subject. Mr. Jehn, I wrote to you on February 7 inquiring on the status of the Junior ROTC Program of the Department of Defense. The specific questions I asked were (1) is the Junior ROTC Program funded in 1991 and (2) has the program been deleted from the budget beyond 1991. Do you have the answers to that today, here?

Mr. JEHN. Yes, sir. I thought we just, in fact, sent you a letter on the subject, and the answer in any event is that the Junior ROTC Program is in the 1991 budget. We do not have a budget beyond 1991. But let me assure you here today, that we expect Junior ROTC to be supported at levels comparable to the way it has been the last few years in the foreseeable future.

It is a program that has a lot of benefits at a relatively low cost.

Senator GLENN. I think so, too, and particularly in these days when we are trying to get programs going and get our young people involved in them and participating in school and they can be looked up to by other students, and so on. I think anything we can do along that line is excellent, quite apart from the fact that it is the beginning of bending of the twig to get the best of our kids pointed toward a military career or an officer career later on.

And so for all those reasons, I have supported that program, and you said it absolutely correctly, at a fairly cheap cost. I think it does a lot of good. So, I am glad to hear your comment on that.

Does anyone else want to comment on your individual programs in the Junior ROTC? Has it been effective or not, or would you change it? Mr. Wincup.

Mr. WINCUP. In the Army, the Junior ROTC has been extremely effective, and we are very happy with the program. As a matter of fact, our statistics indicate that a high percentage, more than half of the people who are in that program, are very interested in joining the military. So that is an effective program as far as we are concerned.

Senator GLENN. Good point, percentage at what, over half of them did you say?

Mr. WINCUP. I believe the percentage is 60 percent. I would be glad to check that for you, sir.

[The information follows:]

JUNIOR ROTC STATISTICS

The percentage of graduating high school seniors who have participated in Junior ROTC and subsequently enter into a military affiliation is approximately 60 percent. A summary table follows:

JROTC Program Statistics

Service	# Units	# Enrolled	% Grads to MilSvc
Army	865	130000	69.6%
Navy	237	29940	50%
USAF	316	39900	75%
USMC	80	12108	43%
Total	**1498**	**211948**	**60%**

The percent to military service column reflects the percentage of graduates who participated in the JROTC program who enter a military affiliation of any kind in the year of graduation. The affiliations include Service Academy, ROTC, enlistment in Active component, Guard, or Reserve.

Senator GLENN. That is a good, effective program.

Mrs. Pope, do you have figures that would be comparable to that in the Navy?

Mrs. POPE. Yes. Both the Navy and the Marine Corps have had exceptionally good luck and good return for the Junior ROTC programs, especially with what high school students are facing today and the competing drug problems, and a lot of money that is being spent in the war on drugs. I think, personally, it is a good manner in the way of prevention, because it does instill leadership. The Marine Corps and Navy both would like to expand it, depending on what the future is, because the paybacks have been significant.

Senator GLENN. I agree with you. It is not there primarily as an antidrug program. It is there to start supply of an officer program for the services, but I think it has these good side benefits, too, that we get for free in a lot of these things. Mr. Cooper.

Mr. COOPER. We are very pleased with the way that ours has been operating. It also gives us benefits of getting youngsters in, and we find it particularly helpful in the low-income areas where young people do not have too many opportunities to participate in patriotic activities such as this. So we are very pleased and hope to continue it.

Senator GLENN. A different subject, again. Granting of advanced degrees. Mr. Jehn, we have had a whole bubbling up here of everybody wanting to give advance degrees in one form or another.

Last year the Department of Defense requested authority for West Point to grant a master's degree in leader development. They also wanted authority for the Naval War College to grant a master's degree in national security and strategic studies.

There did not appear to be any consistent policy across the board underlying these proposals, and we urged the Secretary of Defense in our conference report of the Defense Authorization Act last year to critically evaluate the requirements for and the desirability of military educational institutions granting advanced professional degrees. What is the status of that review? Can you share that with us this morning?

Mr. JEHN. I am unfortunately unable to do so. I am not familiar with that issue, but if you requested us to do that, we will certainly do it, and I can get you an answer to your question for the record.

[The information follows:]

ADVANCED PROFESSIONAL DEGREES AT MILITARY EDUCATIONAL INSTITUTIONS

In the Conference Report to accompany the Department of Defense Authorization Act for Fiscal Years 1990 and 1991, Report No. 101-331, at page 584, the Secretary of Defense is urged "to critically evaluate the requirements for and desirability of military educational institutions granting advanced professional degrees." We are gathering data to provide a base for analysis of this issue. We anticipate the report will be provided to the Committees on Armed Services in May.

Senator GLENN. If you could give us a report on when we could expect that. I do not know who is working on it over there, but we would like a reply to that.

Mr. WINCUP. Mr. Chairman, if I might just expand, because I think the Army is the one that has been most interested in this authority to grant master's degrees at the Academy.

I believe we were not granted that authority, and you asked us to look at that on a more consistent basis. The Superintendent of the Academy is convinced and feels very strongly that this would be a very effective tool for him to use in attracting some high-quality officers and retaining and continuing to get high-quality officers in his leadership positions at the Academy, and that is essentially the reason why the Army is supporting such a proposal.

Senator GLENN. Mrs. Pope, do you have any comment on the Naval War College request?

Mrs. POPE. No, sir, but I will be glad for the record to get back to you.

Senator GLENN. All right, if you will provide that for the record, please.

Mrs. POPE. Mr. Chairman, if you want, I can have Admiral Boorda respond to that.

Mr. BOORDA. The reason we did that, Senator, is that as we began to look at joint professional military education, which the Congress directed us to do, we had outsiders come in. It turned out that the War College—our War College got the absolute highest marks, and while many students were going out to the University of Rhode Island and taking 7 hours and getting a master's degree, all the accrediting organizations have looked at Naval War College and said, what you are teaching is the equivalent of a degree anywhere else. In fact, it is a better degree.

And so we thought we really were not going to have to do anything different, but we were denying officers that opportunity to take credit for what they have done.

Senator GLENN. Would your proposals, both in the Army and the Navy, be assessed by the accrediting organizations and you would have a full accreditation requirement to go along with this?

Admiral BOORDA. Yes, sir. That has been done for the Naval War College, and the school meets the accreditation requirements with the addition of a couple of courses, which the students are now going out in town to take anyway.

Senator GLENN. This will undoubtedly be the first couple of a number of other similar requests for other graduate schools and for military schools across the board, and I think there should be a general policy on this, if we can get one, Mr. Jehn, if we can we would like to so we have some guidance on this as to what the criteria will be before we recommend these. Everybody is going to want to be granting a master's or a doctoral or something, if we start this.

My only concern in this is that we not do something at the service academies themselves, not necessarily the Naval War College, but West Point or the other service academies where we are doing undergraduate work, that we not do this in a manner with money spent that should be going to the primary purpose of that institution, which is to train our combat leaders for the future.

We have enough trouble maintaining our people now, as you are aware from the fuss we went through on the floor last year, which some of you disagreed with when I tried to make a 2-for-1 requirement on commitment following graduation, which I still think is a good way to go. We upped it 1 year, but that was not as far as I wanted to go with it. We had all sorts of concerns expressed at that time that if we put that kind of a time commitment following graduation, that we would really cut back on the quality of people that we get to go to the academies to begin with, which is a view that I strongly, strongly disagree with.

I know I get somewhere about 1,100 to 1,500 applicants a year that send me requests to go to one or the other of the academies, and you can pick anyone out of the top 25 to 50 of those different lists. I do not think you would be getting people of any lesser capability to go to our academies, and I am very concerned that we do not get a better retention rate out of the academies.

There are jokes at the Academy, for instance at the Naval Academy, Admiral Boorda. It was five and dive. Put in your 5-year requirement and get out as fast as you can. Other academies have the same jokes in one vein or another. It means that a lot of the people are getting in with an intent of not even considering a career in the regular military, and yet, that is what we provide the academies for basically.

I know some of the leadership up at West Point even changed the stated purposes of West Point to reflect the fact that we provide young people for national leadership positions, quite apart from the military. They did that on their own a couple of years ago. I do not know whether they asked DOD approval for that or not. I do not think we ever passed anything like that here.

But you have to be careful when we start taking away the basic purpose of these service academies, as far as I am concerned, or modifying their mission in what they are there to do. So that is a little side bar here on this granting of advanced degrees.

Procurement of postsecondary education services. Mr. Jehn, our conference report last year required the Secretary of Defense to submit a report to the Committee on Armed Services by March 1, 1990 on the procurement of postsecondary education services. One of the basic concerns of the conferees was whether or not the recipients of such services were afforded a sufficient choice in the offering of such services. Can you tell us what the status of that report is?

Mr. JEHN. That report is nearly complete. I read about it just over the weekend.

As I recall, and I am doing this from memory, the report is virtually ready to be delivered to you, and it was a study done for us under contract and the study found that in fact we were providing excellent choice to people.

As you are aware, the problem we face is making sure that on the one hand we offer choice, and on the other hand, the providers of the postsecondary education are allowed to realize economies of scale at the various bases at which we offer this benefit.

So, the report should be coming to you very shortly.

Senator GLENN. Let me ask, before I make the final statement here, are there any other things that you see coming up as major issues this year that we should be dealing with now? Mr. Jehn, let me start with you.

Mr. JEHN. I think that we have hit on those already. Obviously, the biggest concern that we have is that we manage the force carefully and with prudence, so that we treat people fairly. We do not want today's actions to cripple our future ability to manage the force and retain and recruit the people we want.

Senator GLENN. Mr. Wincup.

Mr. WINCUP. Mr. Chairman, I guess the only point that I would like to mention again is to agree with Secretary Jehn and it is with particular respect to the Army's situation during this draw-down.

As you all encounter proposals from the Budget Committee and other people who are looking at numbers and not people, for what the impact is going to be, we can manage a draw-down, sir, but we cannot manage a draw-down that goes above about 40,000 people a year without fracturing the force in terms of its quality.

We will be making decisions without being able to judge that we are getting the right people out of the force once we go above that level. We are trying to give you a program that allows us to manage this force as it goes down in an effective way so it can still perform as you all decide is appropriate in situations such as Panama.

Senator GLENN. Mrs. Pope.

Mrs. POPE. I just want to add, the Total Force Study that we are working on, that Congress is expecting, that we work even closer in the future than we have in the past, about what the size of the Department of Navy will look like, and that we make those reductions based on force structure, and that we work closely with you in accomplishing that, so that our people are not negatively impacted.

Senator GLENN. Mr. Cooper.

Mr. COOPER. I have nothing additional to add, sir.

Senator GLENN. Okay. Well, I think we have covered a lot of ground this morning. We spent a lot of time on the reprogramming. I am very concerned about the reprogramming in that this not get into just an inside the Beltway turf fight, however important that may be. We get jerked around on this budgeting and reprogramming, and not just from the Department of Defense, but from others, too, and in this time of difficulty with Gramm-Rudman-Hollings, it is a very difficult thing to deal with here.

So, when we see a situation that happened here, where it was deliberate, and there is not any doubt about that in my mind, at least, that it was deliberate and that we were put in the position that we are in here, expecting to bail out the Pentagon, I think that was unfair. We find out the Pentagon did not even recommend this to the administration before the budget was submitted, and yet the exemption for personnel has been in the budget for several years and was specifically taken out this time.

Redistribution of officer strength, that is another one that we have still outstanding here. Pay and benefits. I do not like it much when you talk about how important our personnel are to us, they are, and that is the main thing we have. And figures are submitted over here that would expect the Congress then to bail out the military if we are even to stay up with forecasted inflation.

And women in the military, we still need to address that issue.

So, I, as you are all aware, take my lumps in the service press occasionally, and I have not taken those things too easily, I might add. I think some of them were very unfair. I do not know whether any of the personnel chiefs that are with us here today were involved with this, but what I particularly regret, on a personal basis, is that if people have a problem with what we are doing on this committee, come to me. Do not do this anonymous business out of the Pentagon.

The worse thing in all journalism as far as I am concerned, is the anonymous source. Somehow, people in Journalism 101, apparently, latch onto anonymous sources and stick with them forever, and they are the most unfair thing I know of, and not just so much from the press standpoint but the fact that highly placed Pentagon officials quoted in here criticized me for a lot of things which I am very proud of. There are things that I think we have done for the service that are good—these are better.

So, if anybody wants to talk about these things, just give my office a call and come on over and we will talk about them.

I am criticized for being detailed oriented, wanting to know all the facts before taking a position. Can you imagine that? I am also criticized for evaluating military issues on their effect on combat capabilities. Imagine that.

And a senior Army manpower official says, sure it is important "but it's difficult to prove that everything has a cause and effect relationship on combat capabilities that Glenn wants. If we want a 4.1 percent pay raise rather than a 4 percent pay raise, for example, how do we prove that extra .1 percent will affect combat capability?"

I would only say it has usually been the other way around. You submit the figures that are below what we think you should add, and then we are trying to up it over here all the time, and I have been one of the biggest supporters of pay raises in the military than anyone in recent years in Congress, I guess, or at least equal with a lot of other people.

So to take some of the bites that I get from anonymous, highly placed sources in the Pentagon is a little bit difficult. Some of the others here go ahead and give credit for some of these things that we have been very proud of having done on this committee, and we will continue with that. And I will not read off our own list of accolades here, but if you've got something to say over there gentlemen, do not hide behind anonymity and then get me blasted in the service press. Come talk to me about it, and then we will work out our differences together.

So, with that, anyone else want to rebut that last statement of mine? I will give equal time to somebody else.

I just want to work together on these things. We too often get at each others throats, back and forth across the river here on the 14th Street Bridge, and we do not need that. We should be out trying to get the best military we have.

And it smarts a little bit when I read things like this and then find them published back home in the Ohio papers. That does get my attention.

So let us work together and get the best military we can, because in this time period it is going to be tough for everybody. This is going to be the worst lousy year we have had on the Armed Services Committee in the Senate since I have been on it, or since I have been in the Senate, I believe, because we are going to have to make some very, very hard and tough decisions. And it is going to come only as we work together with you folks over there.

I will not say we are always going to do what you recommend, but at least we have your input to it, and not on a third-party basis as an anonymous contributor to the papers, someway.

So let us get together and work on these things together.

Thank you all very much. The hearing is adjourned.

Questions Submitted by Senator John McCain

FISCAL YEAR 1991 BUDGET

Senator McCain. Secretary Jehn, are the Military Personnel accounts for fiscal year 1991 fully funded in the President's amended budget submission? If not, what are the shortfalls?

Mr. Jehn. Yes, the fiscal year 1991 military personnel appropriations requests are fully funded. The only potential problem known of at this time is the weakening of the dollar in relationship to the major foreign currencies since development of the budget request. While it would now appear that the overseas station allowances program is underfunded due to currency revaluation, it could well be that the dollar will strengthen thereby eliminating this as a problem in fiscal year 1991.

SEQUESTRATION ISSUE

Senator McCain. Secretary Jehn, as a part of the sequestration ritual, if you will, the President had the opportunity to protect military personnel from the effects of sequestration. He chose not to do so. What was Secretary Cheney's recommendation to the President?

Mr. Jehn. Last August, the Secretary was faced with all bad alternatives. He could have recommended exempting military personnel, thereby avoiding the serious impact that a sequester would have on both the size of the force and its morale and stability. But to do that, the magnitude of the reduction across other appropriations would have left us with people, but inadequate operating funds to fly the planes, steam the ships and exercise the tanks. Similarly, we would not have had the ability to preserve any semblance of a sound economic approach in the acquisition of weapons and equipment the military forces must have to remain effective in the near future. Based on the information and alternatives available to him at the time, the Secretary recommended that military personnel accounts not be exempt from sequester.

MONTGOMERY G.I. BILL

Senator McCain. Secretary Jehn, last year the Congress extended the benefits of the Montgomery G.I. Bill for the Reserve components, but did not make the program contributory on the part of the service member. The Department was required to review the matter. What is the Department's view on expanding education benefits without service member contribution? Should all education benefits be contributory?

Mr. Jehn. While I cannot speak for Mr. Duncan (ASD (Reserve Affairs)), I have a copy of his annual Montgomery G.I. Bill Report, and a draft of a report requested by the Congress and due on March 15 of this year, specifically to address the issue of whether or not the Montgomery G.I. Bill for the Selected Reserve should be contributory. That report also discussed the expansion of the Montgomery G.I. Bill to include vocational/technical educational assistance and the costs and benefits of the increased assistance.

The Department of Defense does not believe that a requirement for reservists to sustain a reduction in pay as a condition of participating in the Montgomery G.I. Bill is desirable or practical. The primary function of an education program in the Reserve forces is the significant incentive it provides individuals to join a Reserve component and to perform satisfactorily for the duration of their contractual term of service. A contribution requirement would not aid or assist in the attainment of this objective.

Generally speaking, I do not support contributory education benefits programs. If the service funds a program for education of its members, there should be a payback to the service wherein that education is utilized, and by law and Department Directive this is the case. I believe that education of people in the military benefits both the individual and the service, and that the post-service education of veterans benefits the Nation as a whole. Although the active Montgomery G.I. Bill requires a contribution, and is regarded as an effective recruitment incentive, its major draw appears to be the supplemental "kickers" for selected military specialties, which are non-contributory.

FIVE YEAR DEFENSE PLAN

Senator McCain. Secretary Jehn, the President's budget submission contains $79 billion for military personnel. What are the personnel numbers for the 5-year defense plan? How much, if any do these numbers decrease with the most recent fiscal guidance provided by the Secretary of Defense?

Mr. Jehn. The 5-year defense plan is just now in process and the following are the end strength targets:

	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994
Active Components:					
Army	744,169	727,500	724,600	721,800	721,200
Navy	590,501	584,800	579,800	575,900	576,600
Marine Corps	196,735	196,500	196,400	196,300	196,300
Air Force	545,000	530,000	529,300	525,500	518,900
Reserve Components:					
Army	309,200	309,200	309,500	309,500	309,500
Navy	153,400	149,700	161,900	163,100	163,100
Marine Corps	44,000	43,900	43,900	43,900	43,900
Air Force	84,900	85,200	85,400	86,100	86,600
Army Guard	447,300	447,300	447,300	447,300	447,300
Air Guard	16,200	116,300	116,400	117,100	118,000

It is not yet known how much the numbers will decrease to meet the recent fiscal guidance. The services are only now developing outyear manpower plans.

ONGOING FISCAL YEAR 1990 REDUCTION PROGRAMS

Senator McCain. Secretary Wincup, in your prepared remarks, you make a convincing case for amending the personnel statutes to facilitate officer reductions. What actions are underway in the Army now to reduce officers, specifically, have you convened boards to reduce Reserve officers, while awaiting congressional approval of authority to involuntarily separate Regular officers who have not failed selection for promotion the required number of times?

Mr. Wincup. For fiscal year 1990, reductions will be taken by reducing officer accessions, Selective Early Retirement Boards for colonels and lieutenant colonels in Army and Medical Service Corps competitive categories, lowered promotion opportunity, voluntary early releases, and a combined Other Than Regular Army (OTRA), Conditional Voluntary Indefinite (CVI) and Regular Army (RA) Probationary Selection Board for lieutenants with 2-3 years of service. These reduction measures are all available under current law and allow adherence to the strategic management principles guiding the officer reduction effort.

Accessions have not and can not be reduced to levels lower than that required to support the future force without unacceptable long-term damage. Further, as the accession mission is reduced, quality objectives are being maintained or increased.

For the sixth consecutive year, the Army again convened Selective Early Retirement Boards. Lieutenant Colonels and Colonels in the Army competitive category and Medical Service Corps will be retired early under current provisions of law. Such a process is an extremely difficult one, but it is essential if we are to implement the reduction in a balanced manner.

Promotion opportunity was reduced during fiscal year 1990 (well below DOPMA goals) and resulted in the involuntary separation of an increased number of both Regular and Reserve officers not selected for promotion for the second time. However, any further reductions of promotion opportunity is inappropriate and would have long-term negative impacts.

A voluntary early release and retirement program has been announced for fiscal year 1990. Both Reserve and Regular Army officers have the opportunity to apply for waiver of their nonstatutory active duty service obligation. Per current provisions of law, we cannot waive any portion of the statutory 3 year time-in-grade for retirement. As appropriate, we are encouraging further service in the Reserve or National Guard.

While we have not convened Reserve reduction-in-force boards, for the first time we convened a board that will review the records of both Reserve and Regular Army officers with less than 5 years of service. The board will recommend officers either for retention on active duty or separation. Such action is authorized by law and is required to achieve fiscal year 1990 reductions. The decision to convene such a board was a tough one for us to make. However, it is consistent with the Army's stated imperatives to protect quality, assure equity, and retain the best qualified officers in each skill whether Regular or Reserve to meet Army structure requirements. Further, such a board ensures a cohort of officers that normally compete, as a group, among themselves for promotion and advancement are extended every possible consideration.

After having considered available options for reducing the officer corps in fiscal year 1990, we implemented these programs because they maximized voluntary attrition, reduced the force in as balanced a manner as allowed under current law, focused on the retention of quality, protected readiness, and postured the Army for those reductions that may be required in fiscal year 1991 and beyond.

Retention of quality officers, whether Reserve or Regular, is of paramount importance to the Army and it is our objective to treat all officers on active duty with parity and equity. Retention of the best officers is essential to ensuring that our soldiers are trained and led by the best. Our soldiers deserve nothing less and readiness, current and future, requires it.

While the Army would prefer to reach lowered strength levels by the sole use of voluntary separations and retirements, experience has demonstrated that voluntary separations and retirements will not, of themselves, match reductions of the size currently projected. Thus, beginning in fiscal year 1991, we will have to use expanded voluntary and involuntary separation and retirement programs to generate increased losses.

The Army critically needs increased management flexibility to reduce the force in a balanced manner. With approval of the proposed legislation that has been submitted to Congress for its consideration and approval, we can implement expanded reduction programs that will increase separations and retirements above current levels. While voluntary reduction programs will be emphasized, involuntary separations and retirements will be required to maintain a viable and robust force prepared for any contingency. As we transition to a smaller force we must remain fully capable of meeting the contingency missions of the mid-1990's and beyond.

VOLUNTARY ANNUAL ATTRITION RATE

Senator **McCain**. What is the annual attrition rate of your service by all voluntary means?

Mr. **Wincup**. The annual attrition rate for fiscal year 1989, by all voluntary means including retirement and expiration of term of service, was 7.33 percent for officers and 11.98 percent for enlisted soldiers. Excluding retirement and expiration of term of service, and limiting the calculation to other types of voluntary separation (for example, hardship and pregnancy), the attrition rate was 0.51 percent for officers and 1.52 percent for enlisted.

Mrs. **Pope**. For enlisted, the fiscal year 1989 voluntary attrition rate for Navy was 30.1 percent. This rate is defined as the percentage of all enlisted personnel who reached a career decision point during the fiscal year and elected not to remain on active duty.

Officer voluntary loss rate, as used here, includes losses due to resignation, voluntary release from active duty, and voluntary retirement. Not included are losses due to warfare training attrition, twice failing of selection to the next higher grade, administrative discharge, or statutory retirement. In fiscal year 1988, 6.4 percent of the officer force voluntarily left active duty. For fiscal year 1989, the voluntary loss rate was 7.5 percent. The increase in fiscal year 1989 is primarily attributable to the large number of Vietnam era personnel who became retirement eligible in fiscal year 1989.

ATTRITION

Senator **McCain**. What is the annual attrition rate of your service by all voluntary means?

General **Smith**. We take "voluntary" to mean losses incurred by marines opting not to reenlist. In fiscal year 1989, 58 percent of those coming to EAS who were eligible and recommended by their commanding officers for reenlistment chose not to reenlist. A word of caution: This metric doesn't lend itself easily to interservice comparisons. Subtle difference in the ways reenlistments are tallied and the ways the eligible populations are defined invalidate most attempts at comparison. Care should be taken that every service is reporting exactly the same things in the same ways.

Mr. **Cooper**. Approximately 7.4 percent of the force voluntarily attrites each year.

Senator **McCain**. How much success has the Air Force had with the current voluntary early separation program? Has it met or exceeded its goals, and if so, what are the numbers?

Mr. **Cooper**. The number of enlisted early outs surpassed our initial expectations. I wish to add however, that these losses have come about at a very high cost too, both in terms of premature losses of valued experience and training, and unit manning. Since the missions have not decreased proportionate to the loss of these skilled specialists, the net result is those who remain must work harder and longer to make up for the undermanning. This affects retention and could have widespread impacts as yet unknown. We had approximately 14,000 enlisted members approved for separation in February and March 1990.

EARLY OUT PROGRAMS

Senator **McCain**. Secretary Wincup, Mrs. Pope and General Smith have you implemented early out programs, and if so please describe them? If not, why not?

Mr. **Wincup**. The Army has implemented an officer early release program for fiscal year 1990 to achieve the number of mandatory reductions by voluntary means. The fiscal year 1990 officer voluntary early release program encourages and considers all requests submitted by officers from lieutenant through colonel; however, all requests are reviewed to ensure that appropriate consideration is given both to the needs of the Army (to maintain readiness) and the needs of the individual (to consider unique personal situations). The fiscal year 1990 program allows for waiver of the nonstatutory active duty service obligation with completion of this service performed in the Reserve components. These measures assure the reduction program is implemented in a balanced manner to properly shape the force as we transition to projected lower active duty end strengths.

With respect to the enlisted force, we have implemented a program for voluntary early separation of soldiers who have been denied reenlistment. Our ongoing involuntary qualitative separation program affecting soldiers in the rank of sergeant and above has also been expanded. We are reluctant to initiate a large quantitative reduction in force program at this time. Our intent is to minimize turbulence, maintain readiness, and protect quality soldiers who are productive and progressive.

The Army is fully committed to implementing reductions by voluntary means to the maximum extent possible, requiring involuntary separations only when necessary, and minimizing the negative impact involuntary separations have on individual soldiers and their families.

Mrs. **Pope**. We have not implemented an early out program for either officer or enlisted personnel because doing so would create major shortfalls in fleet manning, place unfair and unsafe workloads on personnel who remain, and violate Navy's manpower management strategy for the 1990's. Navy's strategy is to shape the force by decrementing manpower only with commensurate force structure cuts. This logical methodology keeps the operating forces properly manned and eliminates the need for crossdecking.

Early release programs, even selective ones, eliminate Navy's ability to direct the shape of its future force. While Navy might try to control the numbers and communities affected, early release programs, whether voluntary or involuntary, so severely shake the confidence and stability of military personnel that, as in fiscal year 1988, it is likely that far greater numbers of people will "vote with their feet" and leave the Navy. We can expect to quickly recreate the petty officer shortfall comparable to the 21,647 deficit suffered in the 1970s. Early release programs arbitrarily target people approaching their reenlistment point without regard for the manning level of their particular skill or the quality of their past performance. Every skill community and paygrade is affected. It will be our best and our brightest, those with the best career options, who will respond by leaving.

Voluntary early separations may make sense for other services where understrength units can be tolerated in times of relative calm. Because of operational, maintenance and safety requirements, ships cannot be permitted to become undermanned. Previous voluntary early release programs prove that those on sea duty, particularly those serving long deployments, are most likely to terminate their service. That leads to short-fused transfer of others from ships/shore to fill the emergent gaps. This action, called "crossdecking," is extremely disruptive to morale and readiness and tends to perpetuate itself for months after the release program is over and until manning once again stabilizes. In 1988 when we tried this, we desired to discharge 6,000 people. We lost 14,000, and due to crossdecking, our reenlistment rates fell to new lows. We will avoid voluntary and involuntary discharges.

General **Smith**. The Marine Corps is currently executing an enlisted voluntary early release program involving marines whose end of active service dates (EAS) fall in the months February through July. Eligible marines have the option of accelerating their release from active duty by up to 90 days. We anticipate participation of about 2,200 marines, at a savings of $6.2 million.

RESERVE OFFICER PERSONNEL MANAGEMENT ACT

Senator **McCain**. Secretary Wincup, in your prepared statement, you indicate that the passage of a Reserve Officer Management Act would be beneficial. Is the bill you referred to absolutely consistent with regard to treatment of all categories of Reserve component officers, or are exemptions for National Guardsmen under Title 37 sought routinely in the bill?

Mr. **Wincup**. The proposed Reserve Officer Personnel Management Act (ROPMA) is intended to correct differences in the career management of Reserve component officers compared to Active component officers as mandated by the Congress in 1980 during the hearings on the Defense Officer Personnel Management Act (DOPMA). It treats all categories of Reserve component officers equally without exception for any component. The bill represents a consensus of the services and the Department of Defense.

FIRST TERM ATTRITION RATE

Senator **McCain**. Secretary Pope, what was the attrition rate for all Navy first term enlistees in fiscal year 1989, and what is it projected to be in fiscal year 1990?

Mrs. **Pope**. All Navy attrition for first term enlistees in fiscal year 1989 was 12.8 percent and is projected to be 11.5 percent in fiscal year 1990.

NAVY RECRUIT TRAINING

Senator McCain. Secretary Pope, there was a recent front-page story in the Washington Post about Navy recruit training. Some are referring to it as a "kinder, gentler Navy". Would you comment?

Mrs. Pope. The initiatives referred to in the Washington Post article were the result of our efforts to be a "smarter Navy", not a "kinder, gentler Navy". These efforts are part of an on-going program to reduce attrition. It makes no sense to recruit qualified people only to wash them out for easily correctable problems. Today's demographics do not allow us this luxury. Many of our recruitable youth have not worn many hard sole type shoes. So instead of medically disqualifying them because they develop orthopedic problems from wearing boondockers, we decided to adopt a procedure the Marine Corps has used for the last 2 years, one that makes a lot of sense and doesn't lower any of our physical standards—we start off their training in jogging shoes. They transition to boondockers later when their feet are better conditioned, thus avoiding many foot problems. This step has resulted in retaining 40 recruits a month which previously would have been washed out.

Also, many of today's youth have never learned to swim, and have problems learning to during recruit training. So instead of attriting them we give them 3 extra weeks of remedial training. If they still cannot swim after this period, we assign them to a shore-based billet and continue remedial swim instruction at the local duty station. Being able to swim is still a Navy requirement and they must learn to swim before they are allowed to reenlist. We are simply allowing more time to achieve this skill. The program works. We've saved 162 recruits through February 1990.

Being met at the bus by a Chaplain instead of a bellowing drill instructor is simply an attempt to start the difficult acculturation process off on a positive note. It is still an extremely arduous training program and the steps we've taken are to ensure we do not attrite otherwise qualified people for the wrong reasons.

SHORTFALL IN THE MILITARY PERSONNEL ACCOUNT

Senator McCain. Secretary Jehn, your prepared remarks would indicate that Congress is largely to blame for the shortfall in the military account. Of the non-sequester related shortfall, how much was offered up by Secretary Cheney to the Congress and how much was discretionary payments on the part of DOD and the services?

Mr. Jehn. It was a combination of events that caused the shortfall in the military personnel accounts. Congressional strength reductions for the Active accounts totaled $522.0 million. A significant portion of that reduction was made up of pricing the strength reductions at a premium rate that was largely unachievable in execution due to the lateness of the Appropriation Act. Other congressional reductions such as the base closure reduction and the anticipation of management improvements were not achievable until fiscal year 1991. There were entitlements increases authorized for which no funds were appropriated totaling about $308 million. "Fair pricing" was enacted, resulting in reduced reimbursements to the military personnel accounts in fiscal year 1990 of about $55 million with no offsetting appropriations provided. None of these amounts are discretionary payments. Taken together, and added to sequester, the problem became too huge to be accommodated within the military personnel accounts.

END STRENGTH

Senator McCain. Secretary Jehn, last year during the budget deliberations, the services "lobbied" the committees not to cut their end strengths when they knew that the personnel accounts were going to be reduced. How much has that contributed to the problem that you now face?

Mr. Jehn. I don't believe that the two are related. The end strength is just that—the number that would be permitted to be serving on active duty on September 30. While a given service might have expressed the view that a higher level could better assure execution of plans and contingencies, those same people would, I am sure, recognize that passage of the Authorization and Appropriation Acts ends the debate—it signals that it is time to move out with necessary adjustments. I believe that was done. Our January 1990 report to the Congress, "Management of Strength Reductions," demonstrated not only a full recognition of the end strengths that would be permitted, but also laid out those specific programs that we would follow to execute the reductions implied by those end strengths.

MANAGEMENT OF FORCE REDUCTIONS

Senator **McCain**. Secretary Wincup, Mrs. Pope, General Smith, and General Hickey last year when the Congress was in the process of cutting the personnel accounts, you requested that we not reduce end strengths, but let you quote, "manage the force". Given the lack of wisdom on our part in agreeing to your request, why should we believe that the cuts forced by sequester could not be managed in a more prudent way?

Mr. **Wincup**. The cuts forced by sequester are only a part of the problem facing the Army. In actuality, the total Military Personnel, Army appropriation impact was $649 million. Of that amount, $216 million was the result of congressional appropriation reductions, $95 million was due to congressionally authorized increases to entitlements (i.e., aviation career incentive pay, medical pay and double dislocation allowance) that were not funded and $338 million for sequestration. The Army has taken steps to accommodate $417 million of the total bill by reducing end strength by 20,000 and taking other programmatic reductions, e.g., permanent change of station moves, to the maximum extent possible. Foremost in our decisions to manage this significant total reduction was to minimize, as much as possible, the adverse impact on soldiers and readiness.

Mrs. **Pope**. Last year you asked the services to specify how they planned to initiate end strength reductions to achieve cost savings to cover the MPN fiscal delta between that which Congress authorized and the funds appropriated. Navy did that. We shared your stated concerns that end strength reductions minimize the negative effects on the welfare and quality-of-life of service personnel and their families, be based on management efficiencies and programmatic decisions, and occur in such a manner that combat readiness is not compromised by creation of "hollow forces."

Navy's strategy for the 1990s is based on three principles which are in harmony with the expressed will of Congress: (1) end strength exists to support requirements at sea; (2) complex Navy systems demand trained and experienced operators and maintainers; and (3) future Navy readiness is a function of the quality of the recruit we bring in today. Navy plans to achieve end strength reductions reflect these principles. End strength reductions would be the result of decisions to reduce force structure, avoiding creation of hollow units and supporting programmatic decisions. This is the proper way to manage the force, and the way we intended to do it.

General **Smith**. The Marine Corps has "managed the force" prudently in the face of reduced funding for personnel accounts. Our active military strength in fiscal year 1990 was reduced (465 below our fiscal year 1990 requested end strength) to accommodate congressional mark up of the budget request. Additionally, the Marine Corps absorbed $22.4 million for new or increased entitlements authorized by Congress through management actions such as:

—Delayed Initial Active Duty for 158 Officers
—Canceled and Rephased OCS Classes
—Reduced Prior Service Accessions by 50 percent
—Reduced Purchase of Operational Rations
—Adjusted SRB Program
—Rephased Non-prior Service Accessions
—Rate Changes (VHA, SAO)
—Voluntary Early Release of 2,200 Enlisted Marines

The absorption used all our flexibility, giving due regard to both the impact on maintaining readiness and equitable treatment to our marines, in executing our manpower program.

What remains unresolved for fiscal year 1990 is the issue of reprogramming to protect military personnel accounts from sequestration. We developed an array of plans which addressed the entire spectrum of partial to full sequestration. The Marine Corps would have initially required $245.7 million in reprogramming. Actions were deferred while DOD and Congress discussed sequestration. After lengthy discussions, full sequestration was changed to 130 day sequestration of $85.7 million for the Military Personnel Marine Corps (MPMC) account. Offsets were then identified for reprogramming to pay the sequestration bill. We urge your continued support in approving the required reprogramming.

General **Hickey**. The Air Force $601 million game plan, which also solved the sequestration ($179 million), was comprised of a combination of actions, to include: cutting officer and enlisted accessions, conducting widespread officer and enlisted early release programs, lowering overseas and CONUS manning floors, reducing initial Selective Reenlistment Bonus payments and restructuring the entire PCS program. The time element (3 months of the fiscal year already gone), coupled with the magnitude of the shortfall ($601 million), left us few alternatives. Given more time and less of a shortfall, we could have taken a more balanced and reasonable approach. The same holds true for the reprogramming request currently on the Hill. The longer the delay in granting the request, the worse the consequences and more restrictive the alternatives.

EARLY RELEASE PROGRAM

Senator McCAIN. Secretary Pope, I note in your prepared remarks that the Navy does not plan for a voluntary early release, yet you would inflict an involuntary release program on the sailors. Why would you not first offer a voluntary early release program similar to the other services?

Mrs. POPE. Early release programs, whether voluntary or involuntary, are inefficient and damaging ways to manage personnel. They have an immediate negative readiness impact on the fleet and do nothing to help shape the desired force of the future. However, if the Navy personnel account is forced to reduce $285 million dollars in 6 months, we would have no choice but to resort to early release programs and, while we would prefer to affect only those sailors who want to go home early, the dollars needed dictate that we execute involuntary as well as voluntary separation programs. For example, if we structured a voluntary early release program for implementation on May 1, 1990, parameters and savings would be as follows:

Officers.—Non-productive; historically, fewer than 40 officers would participate.

Enlisted.—Enlistment contract ends prior to October 1, 1990; Not under obligation for reenlistment bonus; Overmanned ratings; CO confirms: No relief required with vacancy of 6 months or more; Small numbers (less than 1,500), small dollars (less than $4 million).

SELECTIVE EARLY RELEASE

Senator McCAIN. What would be the result of a selective early release program initiated in the near term that screened not only personnel due for release in fiscal year 1990 but also those due for release in first quarter fiscal year 1991 and second quarter fiscal year 1991. Could you not ease the impact of sequester in that manner given the fact that it would cause some temporary manning shortfalls? (The reason I say temporary is that I believe future budget cuts will mandate force structure reductions.)

Mr. JEHN. That's an option, of course, but it has some important constraints. First, our strength and skill mix are our preparedness; they must be a function of levels that we choose and not simply a level that those serving choose for us by their collective retention choices. Second, I believe that such additional manpower reductions would place us even farther ahead of drops in force structure and changes in the number of bases that we operate. If manpower reductions get out ahead of restructuring and re-basing, then we clearly would be tolerating a very wide proliferation of hollow organizations, which is something many of us have pledged to avoid. Finally, we would be taking next year's voluntary losses today, meaning that next year the preponderance of losses would have to be by force-outs, since the voluntary leavers would already have gone home. Now, that will be some bitter medicine—a tonic that I hope could be administered to our men and women in uniform in very measured doses.

Mr. WINCUP. A program which pulls losses from one fiscal year into another "robs Peter to pay Paul". The additional losses in fiscal year 1990 will save dollars in fiscal year 1990, but will significantly exacerbate the undermanning in fourth quarter fiscal year 1990 and first quarter fiscal year 1991, a period which is already projected to experience significant undermanning as a result of previous dollar saving actions. Further, voluntary programs historically have a low "take rate" and do not allow the Army to manage skill and grade requirements. Manning the Army is much more than end strength management. We are intensely concerned about keeping the right soldier in the right place through time.

Mrs. POPE. Voluntary early release programs for officers conducted in the past have not proven to be a productive source of dollar savings. We have had such programs three times in the 1980s, and the number of officers released ranged from 20 to 36. In order to realize significant MDN sequestration savings through officer releases, an involuntary release from active duty (IRAD) is required. Targeting an IRAD at officers who reach their minimum service requirement between now and the second quarter of fiscal year 1991 unnecessarily limits the available population, not allowing the Navy to retain the best qualified officers.

We estimate that 2,696 enlisted personnel with EAOS dates in fiscal year 1991 would take advantage of a voluntary early release program. Not only would the savings be minimal—$5.3 million—but we would increase the number and duration of gapped billets as well as separation move costs in fiscal year 1990. Although we do plan force structure reductions in fiscal year 1991, losses under a voluntary release program would not all be from units we plan to be decommissioning. Crossdecking and termination of shore duty would be inevitable to protect the readiness of remaining forces.

General SMITH. We are already executing an early release in fiscal year 1990 which extends from February 1 to July 31. This action was taken to help offset the costs associated with increased entitlements in ACIP, per diem, and double DLA. The fiscal year 1991 budget also contains an early release program, which runs from January through July. As was the case in fiscal year 1990, this severe action is necessary to fund increased entitlements. We've used early releases as a means to cut manpower costs in fiscal 1990 and fiscal year 1991 to the greatest extent possible. I believe to do more in this area will cause unacceptable tradeoffs in overall readiness and morale of our Corps.

Mr. COOPER. The Air Force has already conducted a widespread enlisted early release program that included personnel with dates of separation in fiscal year 1991. These personnel were allowed to request separation in March 1990. The savings realized from this program were applied against the $601 million MPA shortfall. As noted, the program has caused undermanning in the field; however, the magnitude of the MPA shortfall necessitated this action. Again, the sequestration dollars were covered within the fiscal year 1990 MPA game plan. The reprogramming request, among other things, will cover entitlements authorized but not appropriated.

PARTIAL REPROGRAMMING APPROVAL

Senator McCAIN. Secretary Jehn, what would be the impact of a partial approval of the reprogramming with direction to initiate a broad early release program? Could promotion freezes and cancellation of PCS moves be reduced or avoided?

Mr. JEHN. Provided the reprogramming denial was in an amount that would require only an early release of those in skills that we can afford to lose, we could avoid the promotion freezes or rotation halts and concentrate on early release. However, I would again stress how important it is to align the separation tempo with the pace of restructuring and re-basing. In accomplishing that alignment, approval of most of the reprogramming would be essential. I think that many were pleased with the depth of understanding demonstrated by this subcommittee—and the full committee—in its recent review of reprogramming.

ROUGH CALCULATIONS OF REDUCTION

Senator McCAIN. Rough calculations indicate that if the entire sequester amount were taken from end strength reductions in fiscal year 1990, the saving in fiscal year 1991 could amount to about $2 billion. Given the fiscal constraints we face, and the fact that the Military Personnel accounts may face some severe cuts in the fiscal year 1991 budget, why not get it over with now, so we don't have to go through this again next year?

Mr. JEHN. The pace of change in world events has gone beyond our imagination, let alone our direct planning. Together, we've built a force for a world considerably different from what we now might be witnessing. It will take time to build down to a different level of capability. During this year's Program Review at the Pentagon, we clearly must redefine responsibilities, equipment, and manning—and we will do that. But we should define that demand before we free fall in the supply of people and skills that may be demanded in that redefined structure. So I would ask that we not seek to get "it" over with until we are together more certain of what "it" is. I would add that I believe next year's discussion will be different from this year's, as will the following year; but this year's is the most awkward because we have all had to change our thinking so very fast.

Mr. WINCUP. For the Army to absorb its entire portion of the sequester amount in fiscal year 1990 through end strength reductions alone would require it to implement a 90 day world-wide involuntary early release program and to reduce officer and enlisted accessions and end strength by over 34,000. Focusing on end strength cuts alone yields immediate dollars, but at a major cost. The cost is measured in unit readiness, and personnel and personal turbulence. Fast, dramatic reductions in end strength are possible, but without commensurate reductions in structure, an equally fast and dramatic undermanning is guaranteed. We could erode, in months, to hollow forces reminiscent of those of the late 1970s. The wholesale breakage of enlistment contracts will additionally create great recruiting problems in the future as the Army will be viewed as an institution which does not honor its contracts. Personnel and personal turbulence would dramatically increase as personnel managers try to PCS soldiers to fill authorized spaces and families react to short notice orders.

Mrs. **Pope**. Executing the entire sequester amount through end strength reductions makes dollars, not sense. To achieve the required $285 million solely from end strength would require us to cut 6,151 officers and 51,732 enlisted personnel, a 10 percent reduction in force. If end strength were used to drive force structure, clearly reductions of this magnitude would cause significant unplanned force structure changes. Our manpower strategy for the 1990s is to approach end strength from just the opposite perspective—determine the force structure needed to meet our national strategy, then drive manpower to meet it.

While acknowledging that we may face additional cuts in fiscal year 1991, it must be emphasized that the fiscal year 1991 end strength reductions will parallel reductions in the number of ships and squadrons we have in commission. The end strength cuts that will be dictated by disapproving the reprogramming are not associated with a commensurate cut in billets, leading to gapped billets and an unacceptable impact on our ability to meet our mission. When we take expedient reductions we cut the people who can be lost rather than the people whose job has been eliminated.

General **Smith**. The Marine Corps is executing fiscal year 1990 manpower programs with the assumption that the requested reprogramming to cover sequestration will be approved. Otherwise draconian personnel actions, which would have major, long-term impacts on the quality and readiness of our corps, would be required to meet dollar-driven strength reductions. We recognize that fiscal constraints will continue to have a profound effect on our manpower account and that some manpower reductions are required. However, any manpower reduction decisions should be made in a logical manner and in concert with realistic plans which preserve military readiness and guard our national defense interests. Severe reductions to our fiscal year 1990 manpower posture for expediency and budgetary efficiency will hurt not only our readiness, but our marines as well. It will also create turbulence and manpower difficulties that will compound what will have to be faced in fiscal year 1991 and beyond.

Mr. **Cooper**. The reason is without reprogramming and with only 6 months left in the fiscal year, we are forced to take totally arbitrary and capricious cuts to meet the fiscal year 1990 appropriation dollar totals. These actions amount to a "slash with a meat cleaver" force reduction approach. This is the least effective way to cut the force as it compels you to lump into the target population all of the kinds and types of people you absolutely cannot afford to lose—those with critical skills you need to keep the mission operational, your promotion selectees who represent your "best" people, and the retention of sensitive people who we are paying millions in bonuses to keep (maintenance personnel and pilots). In addition, since we do not have authority to pay enlisted severance pay, we would be forced to separate personnel suddenly and not be able to pay them severance pay as a "cushion" to assist in their transition to civilian life. This would cause undue hardships on untold numbers of service members and their families. The sensible and prudent way to reduce the force is through a planned, balanced approach, consisting of lowered accession levels and increased losses of experienced personnel. Through this approach you can avoid the experience deficits, unmanageable accession levels, mission impacts and protect your retention sensitive population. The Air Force is prepared to downsize by the end of fiscal year 1991 but using the denial of reprogramming as the vehicle to begin this reduction now will result in a decimated Air Force, by any standard of measure.

[Whereupon, at 11:50 a.m., the hearing was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, MARCH 21, 1990

U.S. Senate,
Subcommittee on Manpower and Personnel,
Committee on Armed Services,
Washington, DC.

STRENGTH REDUCTION MANAGEMENT AUTHORITIES

The subcommittee met, pursuant to notice, at 9:34 a.m.,in room SR-253, Russell Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Exon, McCain, and Lott.

Committee staff members present: Arnold L. Punaro, staff director.

Professional staff members present: Frederick F.Y. Pang.

Minority staff members present: George K. Johnson, Jr., and George W. Lauffer, professional staff members.

Staff assistants present: Melissa A. Ramsey and Debra A. Rice.

Committee members' assistants present: Andrew W. Johnson, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Phillip P. Upschulte and Milton D. Beach, assistants to Senator Glenn; Melvin G. Dubee, assistant to Senator Byrd; Patrick F. McCartan, assistant to Senator Wilson; Anthony H. Cordesman, assistant to Senator McCain; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator Glenn. Good morning. The committee will be in order.

The Subcommittee on Manpower and Personnel of the Committee on Armed Services meets this morning to receive testimony from Department of Defense witnesses on legislation proposed by DOD that would provide expanded authorities to the Secretaries of the military departments to remove officers from active duty.

Let me say at the outset of this hearing that it is prudent for the Pentagon to be posturing itself for substantial military reductions over the next few years. As I pointed out at our last hearing on March 5, the budget committees are looking at a cut in the range of $5 to $10 billion to the 1991 DOD budget request. If the newspapers from over the weekend are correct, the administration is also now looking at this $10 to $15 billion level perhaps with a little less opposition than they did before.

All this sums up to is that the handwriting is on the wall. There is no way short of a turnaround in the world situation that the manpower strength levels in the 1991 budget request can be sustained.

At the same time, as these reductions unfold I think it is important that the action the Pentagon takes to implement the reductions balance the needs of the institution against the commitments made to individuals so that the reductions are made in a fair and equitable manner, so that the trust those individuals have put in their government when they signed up to do the job they were signing up to do is not terminated unfairly for those individuals.

These are difficult times requiring extraordinary actions, and I hope we are all mindful of this as we proceed.

Let me turn to the DOD proposal. It contains six provisions which are outlined on a chart which staff has passed out. I would also like to include a copy of that in the record at this point.

[The information referred to follows:]

COMPARISON OF CURRENT LAW AND DOD LEGISLATIVE PROPOSAL
OFFICER REMOVAL AUTHORITIES

Current Law	DOD Proposal
1. Secretaries of the military departments may continue on active-duty regular officers, who would otherwise be required to be separated because of failure of promotion	1. Secretaries of the military departments may involuntarily curtail the period of continuation granted under current law.
2. Secretaries of the military departments may convene selective early retirement boards to: a) force retirement of regular officers in the 0-5 grade who have twice failed of promotion. b) force retirement of regular officers in the 0-6 grade who have four or more years of service in grade. c) no similar authority.	2. Secretaries of the military departments may convene selective early retirement boards to: a) force retirement of regular officers in the 0-5 grade who have once failed of promotion. b) force retirement of regular officers in the 0-6 grade who have two or more years of service in grade. c) force retirement of regular officers below the 0-6 grade who are within two years of qualifying for voluntary retirement.
Individuals may not be reconsidered for forced retirement within five years.	Secretaries of the military departments may waive the five year reconsideration provision.
No more than 30% of any group being considered for forced retirement may be selected for forced retirement.	Same as current law.
3. The President may waive the requirement that an officer serve three years in grade in order to retire in the grade. The waiver applies to individual cases of extreme hardship or unusual circumstances.	3. Secretaries of the military departments may waive the three year time in grade requirement down to two years.
4. Individuals may voluntarily retire as an officer after serving 10 years as an officer.	4. Secretaries of the military departments may waive the 10 year requirement down to 8 years.
5. No similar authority.	5. Secretaries of the military departments may convene reduction-in-force (RIF) boards to involuntarily separate regular officers who have at least one year in grade and who are not eligible for retirement or who are within two years of retirement eligibility. No more than 30% of those considered by a board may be separated under this authority.
6. Officers who are involuntarily separated who have at least five years of service and who are not eligible for retirement are entitled to involuntary separation pay (up to $30,000).	6. Secretaries of the military departments may authorize involuntary separation pay to officers who voluntarily separate.

Senator GLENN. I will briefly summarize the provisions as listed and then turn to our witnesses to hear from them and why they believe these expanded authorities are necessary. Because some of the provisions proposed result in broader involuntary separation, RIFs, and involuntary retirement authorities, I am interested in hearing from our witnesses on what due process procedures and what protections for the individual, if any, are included in this proposal or any of these proposals.

I will run through these briefly so we understand exactly what we have before us.

Provision number one of the DOD proposal would authorize the Secretary of a military department to curtail a previously approved period of active duty for a regular officer. Under current law, the Secretaries of the military departments have the authority to continue on active duty certain regular officers who would otherwise be involuntarily separated or retired because of length of service or failure of promotion. That is the current law.

Now the proposed provision would provide express authority for the Secretaries of the military departments to curtail any period of continuation.

Provision number two of the DOD proposal would expand the class of officers who may be selected for involuntary early retirement. Under current law, a regular officer in the grade of lieutenant colonel or commander in the Navy who has failed promotion twice to the next senior grade may be placed before a Selective Early Retirement Board and selected for forced retirement.

Also, a regular colonel or captain in the Navy who has served at least 4 years in grade may be placed before a Selective Early Retirement Board and selected for forced retirement. Officers considered for early retirement under current law may not be reconsidered within the 5-year period after meeting a Selective Early Retirement Board.

Also, under current law no more than 30 percent of officers placed before a Selective Retirement Board may be selected for forced retirement. That is all current law.

Now the proposed revision would, number one, expand the class of officers subject to forced retirement by including regular lieutenant colonels or Navy commanders who have failed promotion to the next higher grade once instead of twice; in other words, once and out is the potential. The same is true for regular colonels and Navy captains who have 2 versus 4 years in grade.

Two, it would further expand the class of officers subject to forced retirement by including a new category. Regular officers below the grade of colonel or Navy captain who are within 2 years of qualifying for voluntary retirement.

Three, it would provide authority to the Secretaries of the military departments to waive the 5-year reconsideration rule. The general rule that no more than 30 percent of the officers considered for forced retirement may be forced to retire is retained.

Provision three of the DOD proposal would allow the Secretaries of the military departments to waive the requirement for officers to serve 3 years in grade in order to voluntarily retire in grade. Under current law, only the President may waive the 3-year time in grade requirement in individual cases involving extreme hardship or unusual circumstances. The proposed provision would allow the Secretaries of the military departments to waive the 3-year time in grade requirement down to 2 years.

Provision number four of the DOD proposal would allow the Secretaries of the military departments to reduce the amount of commission service required for an officer to retire as an officer from 10 years to no less than 8 years.

Provision number five of the DOD proposal would authorize the Secretary of the Army temporary authority to involuntarily discharge certain regular officers from the Army. Under current law there is no mechanism for removing regular officers from active duty involuntarily except through show cause and tenure procedures.

The proposed provision would authorize the Secretary of the Army to convene reduction in force boards, to select regular officers below the grade of lieutenant colonel who have served at least 1 year in grade for separation from active duty. The proposed provision applies only to the Army and is temporary in that it contains an expiration clause of September 30, 1994.

The last of the provisions, provision number six of the DOD proposal would authorize the Secretary of the military departments to allow regular officers who voluntarily resign their commissions with separation pay. Under current law, regular officers with 5 or more years of service who are not eligible for retirement and are involuntarily separated are entitled to involuntary separation pay.

The proposed provision would extend the involuntary separation pay entitlement to regular officers who voluntarily resign subject to the approval of the Secretary concerned. In other words, this would be a separation bonus.

Now I have taken the time to read through those because I thought it was important that we lay them all out so everyone would understand exactly what the proposals are. It is a brief summary of what the Department of Defense has submitted as its legislative proposal to expand authorities for the removal of regular officers from active duty.

These authorities would be activated only when officer reductions of 1 percent or more are being taken in any service or when the Secretary of Defense authorizes the use of these authorities for any service that incurs a one-half of 1 percent officer reduction in connection with a defensewide 1 percent officer reduction. It is a bit complicated.

Before we turn to our witnesses I want to ask Senator McCain, the ranking minority member on the subcommittee, if he has any opening remarks. Senator McCain and I worked closely following our last hearing on March 5 to resolve the issue of the reprogramming requests we talked about in detail, that was pending in the Armed Services Committee. I want to thank him very much for his close cooperation and I look forward to working with him on this particular issue before us today. It is going to require a great deal of effort, I am sure. Senator McCain.

Senator McCAIN. Thank you very much, Mr. Chairman. I, too, appreciate the magnitude of this problem. I think a case could be made that it has been at least since the Korean war and possibly since World War II that the services have faced such enormous impacting events on our manpower. Clearly, our role has got to comply with our Nation's strategic and tactical requirements and, at the same time, take care of our most important asset; that is, the men and women in the military.

Mr. Chairman, I am sure you are aware that General Ono has chosen to retire. We will miss him. He has done an outstanding job.

General Ono, I know that all the members of this committee join me in expressing our appreciation for the outstanding job you have done not only in your present position but in serving our Nation for many years. We are grateful, and we look forward to working with you in the future.

I think Senator Glenn and I have both discovered there is life after the military, although not maybe such a pleasant one, but we look forward to working with you and having the benefit of your expertise and experience in the years ahead.

Thank you, Mr. Chairman.

Senator GLENN. Thank you, Senator McCain. Senator Exon.

Senator EXON. Mr. Chairman, thank you very much.

On the last comment by Senator McCain, I do not share this feeling, Senator McCain, about you and Senator Glenn, but I have heard some expressions around the Senate that some people have thought it would have been much better had they given you an inducement to stay in the branch of the service you were with. [Laughter.]

Senator EXON. Seriously, Mr. Chairman, thank you for calling this meeting. We have had a whole group of threat assessment hearings, and now we are going through and dissecting the budget to see where we can make substantial reductions, and there will be a peace dividend.

We hear a great deal today about all the exotic systems that are immediately held up as places to cut, and it is the great joy of cartoonists today to take on some of our programs. To be sure some of those programs are going to have to be reduced, if not eliminated.

All too often, however, we are overlooking the nitty gritty job. Most people do not seem to understand that roughly half of that large expenditure that we make for national defense goes for personnel. Some people think that this problem of reducing the military expenditures is just a cut of one weapons system here, one weapons system there, one ship here, and that is going to take care of it. There is great resistance, as you know, to closing a military base, although if you take a step back away from it everybody says we have too many military installations both overseas and at home, and those are going to have to be closed down.

So I thank you, Mr. Chairman, and I thank the witnesses for being here.

General Ono, I want to second the comments made by Senator McCain about your leaving at a time when we probably need your expertise and experience more than ever. Whether you are wearing that uniform in an active capacity or not, we very likely will be calling upon you and others similarly situated to help guide us, because we have not made any determinations but we want to work with all of you in this extremely difficult task which you are addressing.

So I thank all of you for being here, and I am very interested in listening to the testimony, Mr. Chairman.

Senator GLENN. Thank you, very much, Senator Exon.

I associate myself with the remarks already made, General Ono. What is your effective date of retirement?

General ONO. The end of July.

Senator GLENN. You will be around a while, then. We will pick your brain between now and the end of the year.

Senator EXON. All the problems will be solved by that date, I assume, Mr. Chairman.

Senator GLENN. We trust.

I want to welcome our witnesses. We have with us the Honorable Christopher Jehn, Assistant Secretary of Defense for Force Management and Personnel; Lt. Gen. Allen K. Ono, Deputy Chief of Staff, Personnel, U.S. Army; Vice Adm. Jeremy Boorda, Chief of Naval Personnel, U.S. Navy; Lt. Gen. Thomas J. Hickey, Deputy Chief of Staff, Personnel, U.S. Air Force; and Lt. Gen. Norm Smith, Deputy Chief of Staff, Manpower and Reserve Affairs, U.S. Marine Corps.

Our witnesses have submitted written statements which we will, without objection, include in their entirety in the record, we would ask our witnesses to summarize their statements.

Mr. Jehn, we will start with you.

STATEMENT OF HON. CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE, FORCE MANAGEMENT AND PERSONNEL

Mr. JEHN. Thank you very much. In light of the fact they are going to publish my written statement I will not do much more than emphasize a couple of points from it.

First, I would like to thank you for giving us the opportunity to come over here and talk to you about this legislation. It is help we urgently need, and the first thing I would emphasize is the importance of prompt action, so we look forward to working closely with you and we know we will have your cooperation as we try to work through this.

We appreciate very much your holding this hearing, and I think all of us appreciate the cooperation this committee, and particularly the subcommittee, has often given us, particularly, as an example, the prompt action on our reprogramming request. We appreciate that very much.

But again, as I said, the thing that is most important to emphasize, I think, right now, is the fact that we need to work together to get a package—and I emphasize package—that all of these provisions, while we will talk about them individually, are part of a whole, and we need to get a package of provisions put together that will provide us with the flexibility we need to adequately manage the force drawdown that we all know is coming.

Thank you.

[The statement of Mr. Jehn follows:]

PREPARED STATEMENT OF CHRISTOPHER JEHN
ASSISTANT SECRETARY OF DEFENSE
(FORCE MANAGEMENT AND PERSONNEL)

GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE.

THERE ARE OFTEN CONFLICTING DEMANDS IMPOSED WHEN ATTEMPTING TO MAKE STRENGTH REDUCTIONS IN A MANNER THAT IS FAIR AND EQUITABLE TO PEOPLE WHILE ENSURING THAT THE BEST POSSIBLE DISTRIBUTION OF MANNING AND, HENCE, COMBAT CAPABILITY, IS MAINTAINED. WE MUST, THEREFORE, WORK CLOSELY WITH THE CONGRESS IN MAINTAINING AN APPROPRIATE BALANCE BETWEEN "PEOPLE ISSUES" AND FORCE EFFECTIVENESS. THEREFORE, I WELCOME THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY WITH THE PERSONNEL CHIEFS TO DISCUSS STRENGTH MANAGEMENT AND THE STATUTORY AUTHORITIES NEEDED TO EFFECTIVELY AND EFFICIENTLY MANAGE THE FORCE IN A TIME WHICH HOLDS GREAT POTENTIAL FOR READINESS DEGRADATION AND PERSONNEL TURBULENCE.

AS AN INITIAL STEP IN MAXIMIZING READINESS AND MINIMIZING TURBULENCE, WE HAVE IMPLEMENTED FY 1990 REDUCTION PROGRAMS WITH GREAT ATTENTION TO FUTURE FORCE STRUCTURE AND CONSIDERATIONS OF EQUITY, EARLY NOTICE, AND OTHER FACTORS THAT CAN SERVE TO CUSHION ADVERSE PERSONNEL EFFECTS. THESE PLANS COUNTED ON THE AUTHORITY TO REPROGRAM. IN THAT REGARD, THE POSITIVE STEP TAKEN BY THE SASC IS GREATLY APPRECIATED, BUT I MUST EMPHASIZE THAT WE NEED 100 PERCENT OF THE REPROGRAMMING REQUEST. EVEN WITH THE ENTIRE AMOUNT, OUR REDUCTION PROGRAMS WILL NOT ELIMINATE THE IMPACT ON THE LIVES OF THOSE AFFECTED. FURTHER, WE STILL HAVE NOT RECOVERED FROM THE REDUCTIONS TAKEN OVER THE LAST SEVERAL YEARS. ON THE OFFICER SIDE, INVENTORY IMBALANCES ARE PREVALENT AND WORSENING AS REDUCTIONS CONTINUE. PROMOTION OPPORTUNITY HAS BEEN LOWERED, TIME BETWEEN PROMOTIONS LENGTHENED, AND LESS THAN DESIRABLE MANAGEMENT ACTIONS TAKEN TO MEET THE LOWER END STRENGTHS AND FIELD GRADE CEILINGS. IN SOME CASES, PROMOTION OPPORTUNITY AND TIMING ARE ALREADY OUTSIDE THE DOPMA OBJECTIVES (FOR EXAMPLE, MARINE MAJORS

ARE BEING PROMOTED WITH 12 YEARS 3 MONTHS OF COMMISSIONED SERVICE AS OPPOSED TO THE 10 YEARS ENVISIONED AND 45% OF ARMY LIEUTENANT COLONELS ARE BEING SELECTED FOR PROMOTION TO COLONEL VERSUS THE 50% GOAL OF DOPMA), AND QUALIFIED JUNIOR AND SENIOR OFFICERS ARE BEING ASKED TO SEPARATE, OR RETIRE, SHORT OF THEIR CAREER EXPECTATIONS.

THE DEPARTMENT'S OBJECTIVE IN MANAGING REDUCTIONS IS PRESERVING OUR HUMAN CAPITAL THAT HAS BEEN NURTURED OVER THE PAST DECADE. IN PRIVATE ENTERPRISE, PERSONNEL WITH THE NECESSARY SKILLS AND EXPERIENCE CAN BE HIRED TO MEET THE CHANGING NEEDS. THE DEPARTMENT MUST RECRUIT AND DEVELOP PERSONNEL TO THE PROPER SKILL AND EXPERIENCE MIX; AND THIS TAKES TIME.

TO THIS END, THE SECRETARY HAS ESTABLISHED A STRATEGY THAT MAINTAINS ACCESSIONS, GRADES, AND SKILLS AT LEVELS NECESSARY TO SUSTAIN THE FUTURE FORCE, TARGETS RETENTION PROGRAMS AT SHORTAGE AND HIGH TECH SKILLS, MAINTAINS QUALITY OF LIFE, AND LEADS THOSE MEMBERS LOST FROM THE ACTIVE FORCE INTO OTHER TOTAL FORCE COMPONENTS. LASTLY, A KEY ELEMENT OF THE STRATEGY IS TO ENSURE THAT ACTIVE FORCE ADJUSTMENTS FLOW FROM SOUND MANAGEMENT PLANS BASED ON PROGRAMMATIC CONSIDERATIONS. EXISTING MISSIONS MUST BE SCRUTINIZED AND FORCE STRUCTURE IDENTIFIED TO ESTABLISH THE NEW MANNING REQUIREMENTS. WITHOUT THIS PROCESS, PERSONNEL REDUCTIONS WILL BE EXECUTED BLINDLY. THE RESULT WILL BE ORGANIZATIONS THAT ARE "HOLLOW" WITH INVENTORIES THAT NO LONGER SUPPORT THE FUTURE FORCE, AS WELL AS A SEVERE NEGATIVE EFFECT ON THE MORALE OF THOSE CONTINUING TO SERVE IN THIS UNTENABLE ENVIRONMENT. IN THIS REGARD, I URGE YOUR SUPPORT IN DEFENDING THE DEPARTMENT'S REDUCTION STRATEGY AGAINST ATTEMPTS TO ESCALATE FORCE REDUCTIONS WITHOUT PROGRAMMATIC DECISIONS AND ADEQUATE LEAD TIME TO ADJUST PERSONNEL PLANS ACCORDINGLY.

EVEN WITH CAREFUL PLANNING, LEGISLATION IS STILL NEEDED TO ENABLE MORE PRUDENT SHAPING OF THE OFFICER FORCE WHICH IS LARGELY COMPRISED OF REGULAR OFFICERS. EXCEPT FOR LIMITED NUMBERS OF OFFICERS WHO MAY BE SELECTIVELY DISCHARGED OR RETIRED EARLY, REGULAR OFFICERS ARE STATUTORILY PROTECTED FROM REDUCTIONS. IN JULY 1989, THE DEPARTMENT SUBMITTED PROPOSED LEGISLATION THAT WOULD EXPAND THE POOL OF REGULAR OFFICERS ELIGIBLE FOR VOLUNTARY AND INVOLUNTARY RETIREMENT OR DISCHARGE. EVEN WITH THESE ADDITIONAL AUTHORITIES, THE ARMY WILL REQUIRE TEMPORARY AUTHORITY TO INVOLUNTARILY SEPARATE REGULAR OFFICERS.

A DETAILED REPORT, ENTITLED "OFFICER MANAGEMENT LEGISLATION, WHY NEEDED?," WAS FORWARDED TO THE SASC AND HASC IN FEBRUARY. THIS REPORT SHOWS THAT A SERIOUS PROBLEM EXISTS IN THE ARMY. DESPITE USE OF REDUCTION MEASURES AVAILABLE UNDER CURRENT STATUTES, OFFICER INVENTORY IMBALANCES ARE PREVALENT AND WORSENING AS THE ARMY IS REDUCED IN SIZE. THIS SITUATION IS BEGINNING TO MANIFEST ITSELF IN OTHER SERVICES TOO, BUT TO A MUCH LESSER DEGREE. THE CURRENT REDUCTIONS, IMPLEMENTED WITHOUT ADEQUATE LEAD TIME AND MANAGEMENT TOOLS TO SHAPE THE FORCE PRUDENTLY, ARE FORCING THE DEPARTMENT TO REDUCE THE OFFICER CORPS IN THE WRONG YEAR GROUPS AND OCCUPATIONS. IN THE ARMY, SEVERE ACTION, HAS ALREADY BEEN REQUIRED. OVER THE LAST SEVERAL YEARS, 15 BOARDS WERE HELD TO SELECT SENIOR OFFICERS FOR EARLY RETIREMENT. PROMOTION OPPORTUNITY HAS BEEN LOWERED TO INCREASE THE NUMBER OF MID-CAREER OFFICERS SEPARATED FOR TWO PROMOTION PASSOVERS. FURTHER, BOTH REGULAR AND RESERVE OFFICERS WITH LESS THAN 5 YEARS OF SERVICE HAVE BEEN INVOLUNTARILY SEPARATED. THESE ACTIONS ARE EXACERBATING THE EXISTING IMBALANCE BETWEEN THE NUMBERS OF FIELD GRADE AND COMPANY GRADE OFFICERS. WITHOUT LEGISLATION, THE IMBALANCE WILL GROW.

THE ARMY'S FY 1990/1991 OFFICER REDUCTION PLANS ACCOUNT FOR ABOUT

5,000 OF THE ESTIMATED 14,000 REDUCTIONS WHICH MAY BE REQUIRED BY FY 1994. WHILE FINAL FORCE STRUCTURE DECISIONS HAVE NOT YET BEEN MADE, IT IS LIKELY THAT A LARGE PORTION OF THE REDUCTIONS WILL COME FROM THE COMBAT ARMS, LARGELY COMPRISED OF REGULAR OFFICERS WHO ARE PROTECTED BY STATUTE. THUS, WITHOUT LEGISLATION, FY 1991 AND SUBSEQUENT REDUCTION PLANS WOULD REQUIRE RIFS IN THE ARMY SUPPORT INFRASTRUCTURE, WHICH IS MOSTLY COMPRISED OF RESERVE COMPANY GRADE OFFICERS. THIS COHORT ALSO CONTAINS A LARGE PROPORTION OF MINORITIES AND WOMEN. ADDITIONALLY, THE RESULTING FIELD GRADE OVERSTRENGTHS WOULD LINGER FOR MANY YEARS, CAUSING CAREER STAGNATION AMONG JUNIOR OFFICERS, PARTICULARLY REGULARS. THEREFORE, THE NEED FOR THE PROPOSED LEGISLATION IS CRITICAL FOR THE ARMY TO REDUCE AND BEGIN RESHAPING ITS FORCE PRUDENTLY.

THE PROPOSED LEGISLATION WILL PERMIT BETTER INVENTORY ALIGNMENT IN THE ARMY AND CAREER PROGRESSION MORE CONSISTENT WITH DOPMA OBJECTIVES. WITHOUT LEGISLATION, CAREER PROGRESSION WILL REGRESS TO UNACCEPTABLE LEVELS. FOR EXAMPLE, THE ARMY PROJECTS THAT PROMOTION OPPORTUNITY TO MAJOR COULD BE AS LOW AS 59 PERCENT BY FY 1994, COMPARED TO THE DOPMA GOAL OF 80 PERCENT, AND IT WOULD TAKE MORE THAN 12 YEARS FOR PROMOTION--THE DOPMA GOAL IS 10 YEARS.

WHILE ONLY THE ARMY CLEARLY NEEDS THE PROPOSED LEGISLATION IN FY 1990 AND IN FY 1991, GIVEN THE CURRENT BUDGET PROPOSAL, THE FUTURE SIZE OF THE ACTIVE MILITARY FORCES IS STILL UNDER DEBATE. THUS, THE OTHER SERVICES MAY REQUIRE THIS LEGISLATION IN FY 1992, OR EVEN FY 1991. FURTHER, THE VOLUNTARY MEASURES IN THE LEGISLATION WILL BENEFIT ALL SERVICES AND WILL ASSIST IN AVOIDING SITUATIONS SIMILAR TO THE ARMY'S.

ENACTMENT OF THIS LEGISLATION IS ALSO NEEDED PRIOR TO THE FY 1991 AUTHORIZATION ACT TO: (1) BEGIN IMPLEMENTING THE VOLUNTARY PROVISIONS IN FY 1990, THUS MINIMIZING INVOLUNTARY PROGRAMS IN FY 1991; AND (2) ALLOW SUFFICIENT TIME FOR PERSONNEL MANAGERS TO DEVELOP, ANNOUNCE, AND IMPLEMENT FY 1991 REDUCTION PROGRAMS IN A MANNER THAT REALIZES STRENGTH REDUCTIONS IN A TIMELY MANNER, MAINTAINS FORCE READINESS, AND MINIMIZES THE IMPACT ON MEMBERS AND THEIR FAMILIES.

SIGNIFICANT NUMBERS OF VOLUNTARY SEPARATIONS AND RETIREMENTS CAN ONLY BE REALIZED IF THE PROGRAMS ARE ANNOUNCED EARLY, OFFICERS ARE AFFORDED ADEQUATE TIME TO ASSESS THEIR OPTIONS AND ARRIVE AT A DECISION; AND REQUESTS ARE CONSIDERED IN LIGHT OF SERVICE REQUIREMENTS--BY GRADE, COMPETITIVE CATEGORY, AND SKILL. IT IS ALSO BEST TO ASSESS THE RESULTS OF VOLUNTARY PROGRAMS BEFORE INVOLUNTARY PROGRAMS ARE IMPLEMENTED.

INVOLUNTARY PROGRAMS REQUIRE BOARD ACTION AND SUFFICIENT TIME IS NEEDED TO DEVELOP AND EXECUTE THESE PROGRAMS. STATUTORY REQUIREMENTS AND PAST EXPERIENCE SUGGEST AN AVERAGE OF ELEVEN MONTHS IS REQUIRED BETWEEN PROGRAM ANNOUNCEMENT AND MANDATORY SEPARATION DATE. THEREFORE, INVOLUNTARY REDUCTION PROGRAMS MUST BE INITIATED IN ONE YEAR TO ENABLE DISTRIBUTION OF LOSSES THROUGHOUT THE FOLLOWING YEAR--THUS THE NEED FOR EARLY ENACTMENT TO EFFECT FY 1991 REDUCTIONS.

I, THEREFORE, ENCOURAGE YOUR SUPPORT IN ENACTING THIS LEGISLATION AS SOON AS POSSIBLE SO THE DEPARTMENT, PARTICULARLY THE ARMY, CAN MAKE REQUIRED FORCE REDUCTIONS IN A MORE BALANCED MANNER, THUS ENSURING THE HIGHEST READINESS POSTURE POSSIBLE FOR THE FUTURE.

SIMILAR STATUTORY CONSTRAINTS DO NOT EXIST FOR THE ENLISTED FORCE, SO THERE WE HAVE THE NECESSARY MANAGEMENT FLEXIBILITY. WE ARE, HOWEVER, CONCERNED ABOUT THE ADEQUACY OF CURRENT SEPARATION PAY STATUTES AND THE PERCEIVED INEQUITY OF PROVIDING SEPARATION PAY FOR COMMISSIONED OFFICERS, BUT NOT TO SIMILARLY SITUATED NONCOMMISSIONED OFFICERS. WE ARE CURRENTLY ANALYZING THE EFFECTS AND COSTS OF CHANGING SEPARATION PAY PROVISIONS FOR MEMBERS OF THE ARMED FORCES, BOTH OFFICERS AND ENLISTED. ONCE OUR ANALYSIS IS COMPLETE, WE EXPECT TO FORWARD LEGISLATIVE ALTERNATIVES THAT WOULD CORRECT THE PERCEIVED INEQUITY ASSOCIATED WITH SEPARATION PAY ENTITLEMENTS, WHILE FACILITATING APPROPRIATE USE OF INVOLUNTARY SEPARATION IN SUPPORT OF FORCE MANAGEMENT CONSIDERATIONS UNIQUE TO EACH MILITARY DEPARTMENT.

Senator **Glenn**. Thank you. General Ono.

STATEMENT OF LT. GEN. ALLEN K. ONO, USA, DEPUTY CHIEF OF STAFF PERSONNEL

General **Ono**. Thank you very much, Mr. Chairman and members of the committee. The Army is going to get smaller in the years ahead, and what we need to do is shape it so it remains a quality force, and to be able to accomplish the missions during the reductions and after the reductions.

We came to this committee years ago and asked for your support to build up a quality army, and now we return asking for your support again to build down a quality army. You have given us some guidance over the years in regard to what you expect from us, and I am here to tell you that we agree with that.

First, you told us to remain combat ready, and we agreed. We agreed heartily. Second, you told us when you reduce, do not just take out lieutenants and privates. It needs to be balanced, and you need to remove not just the accessions but the middle grade people and the senior ones, and we agree, and that is part of our plans.

Third, you have told us that reductions must strike another balance, a balance between officers and enlisted, not to just take out the enlisted is really what you have told us, and we agree, and that is part of our plan.

What we need now, then, is your help to follow your guidance and to shape the force that is of such high quality. The Army has the most dire need of all the military services that appear before you. We have the greatest need, because our retention is very high, and our reductions are very large, so these two factors coming together make the Army the pioneer, more or less, in regard to the need for help concerning the reductions.

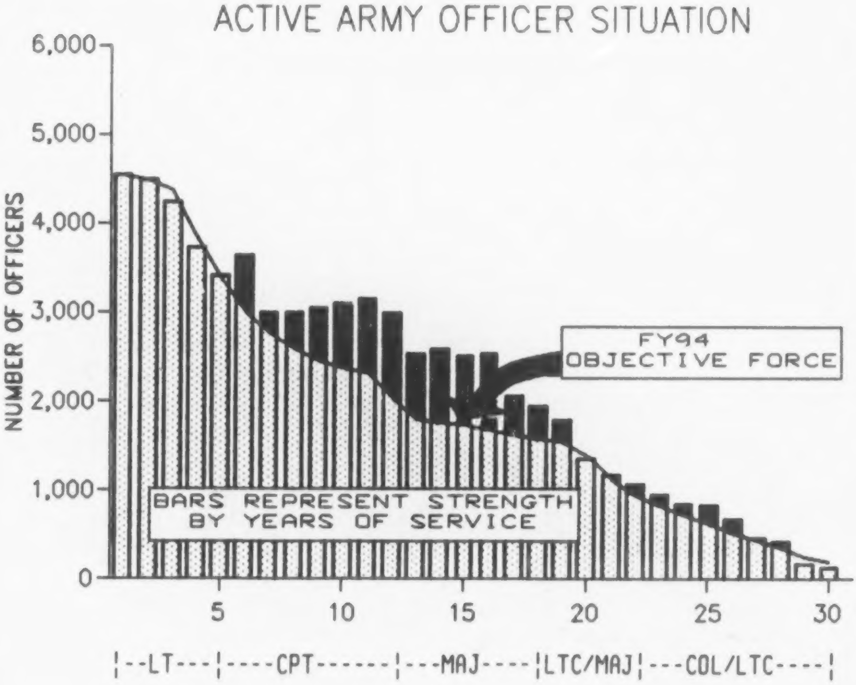
May I refer you to a chart that I brought, Mr. Chairman? It illustrates the active Army officer situation. The vertical bars represent officers in individual year groups, and the line that crosses those bars shows the 1994 objective force, or how many officers (by varying years of service) the Army needs for the projected 1994 force.

Between now and 1994 the Army will lose 135,000 soldiers, and over 15,000 of them will be officers. The line has been adjusted to this smaller force.

The portions above the line are over-alignments, brought about by the anticipated abrupt reductions. We will not be able to realign the force correctly without DOPMA flexibility. Mr. Chairman, I ask that a copy of this chart be entered into the record to represent the situation in which the Army finds itself.

Senator GLENN. Without objection, so ordered.

[The chart referred to follows:]



General ONO. May I describe to you what will happen without passage? One, combat effectiveness of the Army will fall. The reason for that is that the cuts will have to be taken in lieutenant accessions, and they will have to fall far below requirements because that would be the only flexibility that we have, because we will not be able to touch the middle grade or the senior officers without this flexibility, because DOPMA simply does not permit it. So what will happen is that readiness will fall, as we would not have sufficient lieutenants in our combat units and you know that that is where they serve primarily.

Number two, promotions will stagnate without this assistance. The inability to force reductions at the mid and senior levels will slow both promotion pin-on points as well as selection rates. Without the requested management flexibility, I expect promotions to extend in all grades by an average of 12 months or longer. I expect selection opportunity to drop drastically below current rates. Bright junior officers whom we need to hang onto and keep to become our senior leaders will be discouraged by the promotion stagnation, and they will leave.

Number three, without this flexibility, the officer force will be warped, as you saw on the chart. We will have year-groups that are over-strength and others that are far under-strength because we would be unable to target our reductions. This will bring havoc to the Army for over a generation. The core purpose of DOPMA will be violated, as the Army would be incapable of smooth and reliable management of the officer force. These factors, then, Mr. Chairman, form the compelling reasons why these flexibility provisions are needed.

May I now turn to the issue of timing?

Senator GLENN. Let me just ask one thing, if I might. Does this presume that we keep up with the present rate of officer accessions?

General ONO. No, sir. The officer accessions have been cut back in order to match the 1994 force levels. The lieutenant accessions have been deliberately cut back in order to match that, a very good and perceptive point.

I need to talk with you about timing, because this also becomes a crucial matter. What would happen if these provisions are allowed, but not until the fall of 1990? That would be the question, and the answer is that we would be forced to take 1991 actions in a hurried, compressed period, and the affected officers and their families will suffer.

Not only will these officers be pained by the unexpected notice that they must leave the Army, but we will also be brutal to them as they are given short notice to separate. These are solid members of our Armed Forces who have served us loyally and faithfully. We need time to explain fully to them the actions we have planned for them.

We need time to allow for careful deliberation by selection boards, time to notify affected officers personally through the chain of command, and time for the development of second career plans, decide where they are going to settle, and the transition into civilian life. This entire process takes about 1 year. It would be unacceptable to do it in a shorter period.

These are important and difficult times for the Army. We need your help and understanding, just as you provided us with support in years past, so we ask for two things. First, the Army critically needs the increased management flexibility that has been proposed, and second, we need congressional approval as early as possible. Thank you very much.

[The statement of General Ono follows:]

STATEMENT BY

LIEUTENANT GENERAL ALLEN K. ONO

DEPUTY CHIEF OF STAFF FOR PERSONNEL

U.S. ARMY

INTRODUCTION

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE:

I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE TO TALK ABOUT THOSE PROGRAMS THAT ARE CRITICAL TO THE ARMY TO ACHIEVE A BALANCED FORCE REDUCTION IN THE NEXT FEW YEARS. TODAY, WE ARE PRIVILEGED TO EXPERIENCE HISTORY IN THE MAKING. THE CHANGING ECONOMIC AND SOCIAL POSTURE BOTH HERE AND ABROAD ARE PLAYING A SIGNIFICANT ROLE IN HOW THE ARMY SHAPES ITSELF FOR THE FUTURE.

THE ARMY WILL GET SMALLER. THIS REDUCTION MUST BE ACCOMPLISHED IN A PLANNED AND ORGANIZED MANNER TO PRECLUDE DESTROYING THE QUALITY GAINS WE HAVE MADE IN THE LAST DECADE.

TODAY'S ARMY IS A STRATEGIC FORCE, WITH A UNIQUE AND IRREPLACEABLE ROLE IN SECURING THE COMMON DEFENSE. IT IS TRAINED AND READY. THIS IS THE RESULT OF AN EXTENSIVE TRANSFORMATION OVER THE LAST DECADE. IT REQUIRED THE COMBINED EFFORTS OF THE DEPARTMENT OF DEFENSE, THE ARMY ITSELF AND THE CONGRESS. OUR SUCCESSES CAN BE ATTRIBUTED DIRECTLY TO THE SUPPORT PROVIDED BY THIS COMMITTEE.

THE ARMY OF THE FUTURE MUST CONTINUE TO BE A STRATEGIC FORCE. IT MUST REMAIN TRAINED AND READY THROUGHOUT OUR TRANSITION TO A SMALLER, CAPABLE FORCE. WE BELIEVE THAT ARMY READINESS AND QUALITY SOLDIERS ARE INSEPARABLE. THEREFORE, WE MUST SUSTAIN THAT QUALITY IN THE ARMY OF THE FUTURE. WE HAVE DEVELOPED A PLAN, A PRUDENT PLAN, TO HELP US REACH THAT GOAL.

TO BETTER UNDERSTAND THE PRIORITIES THAT THE ARMY HAS SET FOR MANAGING OUR FORCE IN THE FUTURE, IT IS IMPORTANT TO UNDERSTAND THE HARD JOURNEY WE HAVE HAD TO TAKE IN THE LAST DECADE TO ARRIVE AT TODAY'S QUALITY FORCE. IN 1980, ONLY 54 PERCENT OF OUR NEW SOLDIERS WERE HIGH SCHOOL GRADUATES. OVER 52 PERCENT TESTED IN THE LOWEST CATEGORY THE ARMY MAY RECRUIT BY LAW. INDISCIPLINE WAS OF MAJOR CONCERN. MISCONDUCT WAS A MAJOR PROBLEM. RETENTION RATES WERE DISAPPOINTING.

WE HAVE SUCCEEDED IN REBUILDING THAT FORCE INTO TODAY'S QUALITY ARMY. THE QUALITY OF OUR RECRUITS IS HIGH, THANKS TO YOUR SUPPORT AND THE HARD WORK OF OUR RECRUITERS. OVER 90 PERCENT OF OUR SOLDIERS ARE HIGH SCHOOL GRADUATES. WE HAVE ESTABLISHED AND ATTAINED A GOAL TO RECRUIT NO MORE THAN 4 PERCENT IN THE LOWEST CATEGORY ACCEPTABLE. OUR INDISCIPLINE RATES HAVE PLUMMETED AS THE QUALITY OF OUR RECRUITS INCREASED. WE HAVE EXCEEDED OUR RETENTION OBJECTIVES IN ALL CATEGORIES.

WE ARE PROUD OF OUR SUCCESSES AND MUST RETAIN THE SAME HIGH STANDARDS AS WE RESTRUCTURE OUR ARMY FOR THE FUTURE.

THE EXPERIENCES OF THE RECENT YEARS, REINFORCED DURING OPERATION JUST CAUSE IN PANAMA, HAVE AFFIRMED THAT QUALITY PRODUCES THE VERSATILITY NEEDED TO RESPOND TO UNFORESEEN SITUATIONS. IT IS BECAUSE OF THIS THAT WE MUST AND WILL FOCUS ON RECRUITING AND RETAINING QUALITY SOLDIERS AND FORCE MANAGEMENT PROGRAMS THAT PROVIDE THE ARMY THE ABILITY TO MANAGE PROPERLY THE CAREERS OF ITS QUALITY SOLDIERS AND CIVILIANS.

OUR PLANNING FOR THE FUTURE IS BASED ON SOUND PERSONNEL MANAGEMENT PRINCIPLES.

FIRST AND FOREMOST, WE WILL *PROTECT THE QUALITY* GAINS WE HAVE ACHIEVED.

SECOND, OUR PROGRAMS WILL HELP *SHAPE THE FORCE* OF THE FUTURE

THIRD, WE WILL *SUSTAIN READINESS* -- WE MUST PRECLUDE UNDERMANNING OF THE ARMY.

FOURTH, WE WILL USE *CARE AND COMPASSION* IN DEALING WITH OUR SOLDIERS, AND THEIR FAMILIES.

FIFTH, WE WILL USE *COMMON SENSE* TO PREVENT UNNECESSARY TURBULENCE AND DISRUPTION OF OUR FAMILIES.

QUALITY ARMY

EVEN AS THE ARMY BECOMES SMALLER, WE MUST MAINTAIN ANNUAL ACCESSION FLOWS OF QUALITY NEW SOLDIERS TO SUSTAIN OUR FUTURE FORCES.

EQUALLY IMPORTANT, WE MUST RETAIN THE BEST PERFORMERS. TO DO THIS WE MUST PROVIDE CAREER OPPORTUNITIES AND A STEADY FLOW OF PROMOTIONS. WE MUST CONTINUE TO PROVIDE FOR LEADER DEVELOPMENT OPPORTUNITIES THROUGH A BLEND OF SCHOOLING AND ASSIGNMENTS. WE MUST BE ABLE TO TARGET SELECTIVE REENLISTMENT BONUSES AGAINST CRITICAL MILITARY OCCUPATIONAL SPECIALTIES.

MILITARY PERSONNEL MANAGEMENT PROGRAMS

IT IS ALSO IMPORTANT THAT WE BE GIVEN THE TOOLS TO MANAGE PROPERLY OUR ARMY THROUGH THIS TRANSITION. ONCE RECRUITED, RETENTION WILL BE AFFECTED BY THE ARMY'S ABILITY TO MANAGE PROPERLY THE CAREERS OF ITS SOLDIERS. THIS NECESSITATES A CONTINUING REVIEW AND ADJUSTMENT OF OFFICER, WARRANT OFFICER, NCO AND ENLISTED MANAGEMENT PROGRAMS TO ENSURE THAT THEY MEET THE FORCE STRUCTURE AND TECHNOLOGICAL REQUIREMENTS OF THE FUTURE.

INCREASED OFFICER MANAGEMENT FLEXIBILITY

AS WE ADDRESSED THE NEED TO REDUCE THE FORCE, IT BECAME APPARENT THAT THE ARMY DOES NOT NOW HAVE THE FLEXIBILITY NEEDED TO PROPERLY IMPLEMENT PROPOSED LARGE SCALE REDUCTIONS. AS AN EXAMPLE, THE EXISTING LAW DOES NOT PROVIDE SUFFICIENT TOOLS TO REDUCE OFFICERS SELECTIVELY. THIS LEAVES THE SERVICES WITH ONLY THE OPPORTUNITY TO REDUCE OFFICER ACCESSIONS BELOW THAT NEEDED TO SUSTAIN THE FORCE AND TO SELECTIVELY RETIRE EARLY 30 PERCENT OF THOSE OFFICERS WHO HAVE MORE THAN 4 YEARS IN GRADE AS A COLONEL AND THOSE LIEUTENANT COLONELS WHO HAVE TWICE BEEN PASSED OVER FOR PROMOTION TO COLONEL.

SUCH ACTIONS IN THE PAST HAVE FURTHER HAMPERED OUR ABILITY TO EFFECTIVELY MANAGE OUR OFFICER CORPS AND PROVIDE IT WITH REASONABLE CAREER STABILITY AND SECURITY. CURRENT STATUTORY PROVISIONS ARE NOT ADEQUATE TO SHAPE A BALANCED OFFICER CORPS IN THE SITUATION OF STEEP REDUCTIONS WE FEEL TODAY.

IN JULY 1989, THE DEPARTMENT OF DEFENSE FORWARDED PROPOSED LEGISLATION TO MODIFY CERTAIN RESTRICTIONS INVOLVING THE VOLUNTARY AND INVOLUNTARY SEPARATION OF COMMISSIONED OFFICERS. THIS LEGISLATION WAS NOT ACTED ON DURING THE LAST SESSION. WE DO NOT SEEK RELIEF FROM THE INTENT OF DEFENSE OFFICER PERSONNEL MANAGEMENT ACT (DOPMA); RATHER, WE ARE ASKING FOR ADDITIONAL FLEXIBILITY TO ALLOW US TO SHAPE THE OFFICER CORPS IN A BALANCED AND EQUITABLE WAY. EARLY ENACTMENT OF THIS LEGISLATION IS CRITICAL AS WE LOOK AT THE FORCE REDUCTIONS PROPOSED FOR THE NEXT FEW YEARS. THE CRITICAL NEED FOR THIS LEGISLATION AND WHY IT IS NEEDED NOW IS DETAILED IN A DOD REPORT SUBMITTED TO YOUR COMMITTEE ON FEBRUARY 27, 1990, BY THE ASSISTANT SECRETARY OF DEFENSE FOR FORCE MANAGEMENT AND PERSONNEL.

IT WILL BE NEEDED IN FY90, PRIOR TO THE ENACTMENT OF THE FY91 AUTHORIZATION ACT. WE NEED THE TIME TO PLAN, ANNOUNCE AND CONDUCT THESE PROGRAMS IN AN ORDERLY FASHION. WE OWE AFFECTED SOLDIERS AND THEIR FAMILIES THE TIME TO MAKE THEIR PERSONAL PLANS AND ARRANGEMENTS. THE OFFICERS SELECTED TO LEAVE THE ARMY DESERVE TO BE TREATED WITH DIGNITY AND RESPECT.

MAY I DESCRIBE IN ANOTHER WAY WHY WE NEED INCREASED MANAGEMENT FLEXIBILITY PROVISIONS BY OUTLINING WHAT WOULD HAPPEN WITHOUT PASSAGE.

FIRST, COMBAT READINESS AND SENIOR ROTC WILL BE DEGRADED.

OFFICER ACCESSIONS WOULD BE REDUCED SHARPLY AND SUDDENLY TO A LEVEL FAR BELOW CURRENT COMBAT READINESS NEEDS AND FUTURE DEMANDS. OUR SENIOR ROTC PROGRAM THAT WE RECENTLY BUILT AS A STRONG AND PROUD SOURCE OF NEW LIEUTENANTS FROM UNIVERSITIES AND COLLEGES THROUGHOUT AMERICA WOULD SUFFER

THE MOST. OVER 1,000 CADETS WHO JOINED ROTC FOUR YEARS AGO WITH THE EXPECTATION OF COMING ON ACTIVE DUTY WOULD BE DENIED THIS OPPORTUNITY. COMBAT READINESS WOULD FALL WITH LIEUTENANT SHORTAGES. THE ROTC PROGRAM WILL BE DAMAGED THROUGH THE SUDDEN RENEGING OF COMMITMENTS. THESE IMPACTS WOULD BE FELT FOR A DECADE.

SECOND, PROMOTIONS WILL STAGNATE. BOTH TIME TO PROMOTION AND SELECTION RATES WILL SLOW TO A CRAWL. WE EXPECT PROMOTIONS TO EXTEND IN ALL GRADES BY AN AVERAGE OF 12 MONTHS LONGER AND SELECTION OPPORTUNITY WOULD DROP DRASTICALLY BELOW CURRENT RATES, WHICH ARE ALREADY BELOW DOPMA GUIDELINES. TALENTED JUNIOR OFFICERS WE NEED TO RETAIN TO BECOME FUTURE SENIOR LEADERS, WOULD BECOME DISCOURAGED AND LEAVE. THE REVERBERATIONS OF PROMOTION STAGNATION WILL CONTINUE FOR YEARS AHEAD.

THIRD, OFFICER FORCE ALIGNMENT WILL BE WARPED. OVERSTRENGTH YEAR GROUPS AND UNDERSTRENGTH COHORTS WOULD BE CREATED AND BRING HAVOC FOR A GENERATION. THE CORE PURPOSE OF DOPMA WOULD BE VIOLATED. THE SMOOTH, RELIABLE MANAGEMENT OF OFFICERS THROUGH FORCE ALIGNMENT CANNOT OCCUR WITHOUT THE PROPOSED FLEXIBILITY PROVISIONS.

WHAT WOULD HAPPEN IF WE ARE ALLOWED THESE PROVISIONS BUT THEY COME LATE, PERHAPS THE FALL OF 1990? THE ANSWER IS THAT WE WOULD BE FORCED TO TAKE ACTIONS IN A HURRIED, COMPRESSED PERIOD AND THE AFFECTED OFFICERS AND THEIR FAMILIES WILL SUFFER. NOT ONLY WILL THEY BE PAINED BY THE UNEXPECTED NOTICE THAT THEY MUST LEAVE THE ARMY, BUT WE WOULD BE BRUTAL TO THEM AS THEY ARE GIVEN AS LITTLE AS 3 MONTHS NOTICE TO SEPARATE.

THESE ARE SOLID MEMBERS OF OUR US ARMED FORCES WHO HAVE SERVED LOYALLY AND FAITHFULLY. WE NEED TO EXPLAIN FULLY THE ACTIONS AHEAD OF TIME, ALLOW FOR CAREFUL DELIBERATION BY SELECTION BOARDS, NOTIFY AFFECTED OFFICERS PERSONALLY THROUGH THEIR COMMANDERS, AND PERMIT TIME FOR THE DEVELOPMENT OF SECOND CAREER PLANS, SELECTION OF WHERE THEY WILL SETTLE AND TRANSITION TO CIVILIAN STATUS. THIS ENTIRE PROCESS TAKES ONE YEAR. IT WOULD BE UNACCEPTABLE TO DO IT IN A SHORTER PERIOD.

WARRANT OFFICER MANAGEMENT ACT

SIMILARLY, THE DEPARTMENT OF DEFENSE IS SEEKING LEGISLATION TO MODERNIZE ITS WARRANT OFFICER MANAGEMENT SYSTEM. WARRANT OFFICERS WERE NOT INCLUDED IN DOPMA WHEN IT WAS ENACTED. CURRENT WARRANT OFFICER STATUES ARE OUT OF DATE AND DO NOT PROVIDE THE MANAGEMENT TOOLS NEEDED TO PROPERLY SHAPE THE WARRANT OFFICER FORCE.

AS AN EXAMPLE, THERE IS NO SELECTIVE RETIREMENT PROVISION FOR WARRANT OFFICERS UNDER THE CURRENT LAW. WITHOUT THIS PROVISION DURING PROJECTED FORCE REDUCTIONS THE ARMY WOULD BE FORCED TO REDUCE WARRANT OFFICER ACCESSIONS AND PROMOTIONS BELOW THE LEVELS REQUIRED TO SUSTAIN A VIABLE WARRANT OFFICER FORCE.

SENIOR WARRANT OFFICERS WITH CRITICAL SKILLS ARE LEAVING THE SERVICE TOO EARLY, CAUSING US TO FALL SHORT OF REQUIREMENTS FOR SENIOR TECHNICAL EXPERTISE. WE ARE DOING ALL WE CAN UNDER THE CURRENT LAW TO ENSURE THAT WE PROPERLY ACCESS, TRAIN, AND PROMOTE OUR WARRANT OFFICERS AGAINST FUTURE NEEDS. HOWEVER, WE HAVE FOUND THAT AFTER 20 YEARS OF SERVICE, OVER HALF OF OUR WARRANT OFFICERS MOVE ON TO THE PRIVATE SECTOR. MOST ARE BEING DRAWN BY LUCRATIVE JOBS. WE MUST STEM THIS EXODUS.

DURING THE LAST SESSION OF CONGRESS, A PROPOSAL WAS SUBMITTED THAT WOULD PROVIDE THE SERVICE SECRETARIES AUTHORITY TO RESTRUCTURE THE MANAGEMENT OF WARRANT OFFICERS. IT INCLUDES: THE ABILITY TO RETIRE WARRANT OFFICERS SELECTIVELY; REPLACES THE DUAL PROMOTION SYSTEM WITH A SINGLE PROMOTION SYSTEM; AND ALIGNS WARRANT OFFICER MANAGEMENT PROVISIONS WITH THOSE FOR OTHER COMMISSIONED OFFICERS UNDER DOPMA. IT ALSO PROPOSES A NEW GRADE, CHIEF WARRANT OFFICER 5, AS A COST EFFECTIVE RETENTION INCENTIVE TO ENSURE THAT WE RETAIN THE REQUIRED NUMBER OF OUR BEST SENIOR WARRANT OFFICERS. THE ARMY STRONGLY SUPPORTS THIS PROPOSAL.

RESERVE OFFICER PERSONNEL MANAGEMENT ACT

THERE IS ALSO A REAL NEED WITHIN THE RESERVE COMPONENTS OFFICER MANAGEMENT SYSTEM FOR CHANGES THAT WOULD PROVIDE AUTHORITY SIMILAR TO THAT PROVIDED TO THE ACTIVE FORCE BY DOPMA. THE DEPARTMENT OF DEFENSE PROPOSAL CLOSELY ALIGNS THE ACTIVE AND RESERVE SYSTEMS, CREATING A "TOTAL ARMY" OFFICER MANAGEMENT PROCESS. IT PROVIDES FOR SELECTIVE CONTINUATION AND SELECTIVE EARLY RETIREMENT, FLEXIBLE ZONES FOR PROMOTION CONSIDERATION AND A BALANCE BETWEEN MANAGEMENT OBJECTIVES AND EQUITABLE TREATMENT OF INDIVIDUAL CAREER EXPECTATIONS. IT WOULD CONTRIBUTE TO QUICK ASSIMILATION OF PERSONNEL DURING MOBILIZATION. FURTHER, IT WILL PROVIDE INCREASED MANAGEMENT FLEXIBILITY TO THE RESERVE COMPONENTS AS THEY RE-ALIGN THEIR FORCE IN CONSONANCE WITH THE ACTIVE FORCE REDUCTIONS.

CONCLUSION

LET ME CONCLUDE BY REINFORCING TWO POINTS.

ONE -- THE ARMY CRITICALLY NEEDS INCREASED OFFICER MANAGEMENT FLEXIBILITY.

TWO -- WE NEED CONGRESSIONAL APPROVAL OF THE PROPOSED LEGISLATION NOW.

I APPRECIATE THIS OPPORTUNITY TO APPEAR BEFORE THE COMMITTEE AND SHALL BE HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE ON ARMY PERSONNEL PROGRAMS.

Senator GLENN. Thank you, General Ono. Admiral Boorda.

STATEMENT OF VICE ADM. JEREMY M. BOORDA, USN, CHIEF OF NAVAL PERSONNEL

Admiral BOORDA. Thank you, Mr. Chairman. I just have a few short remarks.

We do have in the Navy a workable force reduction policy because we have to ensure that we can man our ships and our squadrons effectively. We have come up with a balanced strategy that has the ship and squadron reductions leading the manpower reductions, or at least occurring simultaneously.

In a force that is not as hardware intensive as we are, perhaps it would be okay to have under-strength units, but if you have an under-strength ship, the work still needs to be done, and what happens is the people are strained to do the work. Time away from home increases, retention falls, you begin to recruit harder, you end up with a more junior force and a recruiting problem, and you spiral right down to where we were in the late 1970s.

So we have decided in the Navy, that however we do this, it must be balanced with actual force reductions coming on the hardware side and the manpower following properly with the hardware. Not keeping one more person than we need for the ships and squadrons that you buy and we recommend to you, but also not having one less, either.

Our strategy avoids a personnel and readiness nightmare by staying in balance. What we try to do is adjust accessions, adjust retention in the mid-grade force, and also adhere very strictly on the enlisted side and on the officer side to a high year tenure, on the enlisted side by policy, on the officer side by DOPMA.

We can make that strategy work, given the 1991 budget and the FYDP that is before you now, without the things that are suggested in the DOD proposal. While we do not intend to use the things in the Department of Defense proposal in the Navy, we might have to rethink that, depending on what the 1991 budget and 1992 and out look like.

Right now, the Navy would not intend to use them, but for the reasons that Al Ono just mentioned, and the reasons that will be presented during this hearing, I think the case is very persuasive that we do need some flexibility. If not used in the Navy today, then perhaps used in the Navy of the future, and so I strongly support them.

However, I do have one concern, and I had not really planned to use this, but Navy Times came out yesterday and you can see the headline. It talks about severance pay.

My concern is fairly basic. We are not putting very much information out to the troops now, be they officers or be they enlisted, because I do not think any of us really know where all this is going. The uncertainty of reprogramming, the uncertainty of what the force size is going to be for 1991 and beyond, and all those uncertainties make it very hard to tell your people what is going on.

Uninformed people, and people who get this kind of information as their primary information, tend to leave you because they are uncertain. I hope we do not create a situation where we really violate one of the tenets of leadership, which is to keep your people informed and take care of them, by creating a situation where leaving is so much more attractive than staying that we lose our best people, because we do want a Navy that survives this and that can still operate and do what the Nation needs done.

If you look at this particular issue of Navy Times, the severance pay payments are very, very large. In some cases, they are double and triple what our retention bonuses are, and that does make one wonder about whether it is better to stay or leave. We would like the good ones to stay.

Thank you.

[The statement of Admiral Boorda follows:]

PREPARED STATEMENT BY VICE ADM. JEREMY M. BOORDA, USN, CHIEF OF NAVAL PERSONNEL, U.S. NAVY

It is a pleasure to testify today on the proposed legislation which would modify certain restrictions involving the voluntary and involuntary retirement or discharge of commissioned officers. Navy participated fully in the study and our views are accurately reflected in the report which accompanies the legislation.

Balance is the theme of Navy's manpower program for the 1990s. The numbers of people are sized to match the size of our operational forces. This is the case in fiscal year 1990 and in the fiscal year 1991 budget submission. This balance means the right numbers and skills of people are in the right places to man and operate the fleet. This balance also means that as the size of the force decreases, and as the number of ships and squadrons decreases, manpower can and should be reduced in the same balanced proportion.

As the size of the force changes and the manpower to operate these forces is adjusted accordingly, what we must avoid is a pattern of manpower reductions which are unrelated to the remaining force structure. Changes not related to force structure cause uncertainty and turbulence among our people. This would lead to a return of the chaotic conditions of a decade ago when all the services faced low retention, even lower morale, and sharply reduced fleet readiness. You don't want a hollow force and neither do we.

The manpower strategy the Navy has adopted for the 1990s is centered on the premise that, as the Navy gets smaller, we have the opportunity to proactively shape the force to retain high quality personnel, increase experience levels, gain slightly better sea/shore rotation for our people, improve training levels, and reduce overall manpower costs. A key element of this strategy is a commitment to take care of the people who are in the Navy, and wish to stay, even as total strength decreases.

As we develop and implement our manpower strategy, the following goals must be met:

Sufficient strength, in the correct grades, must be available to man operational forces at levels that permit the work to be done in an effective manner. Average sea manning of 91.5 percent active personnel should be maintained. Lesser manning will not provide sufficient qualified personnel needed to accomplish validated shipboard and squadron maintenance and operational workload, and would result in a downward readiness spiral like we experienced in the late 1970s. Insufficient people in the operating forces causes unreasonable workload, increased family separation, and leads to the exodus that produces the hollow force we must avoid.

Sufficient strength, in the correct grades, must be available to accomplish necessary work ashore, and provide for a minimum 3.5 to 3 sea/shore rotation for career enlisted personnel. Improvement to 3 to 3 rotation pattern is the Navy's long term objective.

Career content of the force should increase slightly over time in order to take advantage of quality people now on board, to reduce training costs, and to increase readiness through efficiency gained from increased experience. Although workyear average costs would be a little higher with this force profile, training costs should decrease.

The judicious use of Selective Reenlistment Bonuses (SRB) will become increasingly important as the force decreases in size and increases in experience. SRB will be required to shape a smaller force more precisely.

Adequate funding for Permanent Change of Station (PCS) also is essential. PCS becomes a major factor in both retention and readiness as the force becomes more senior and experienced and there are fewer people. Those who remain must be properly assigned.

Key Quality of Life programs must be recognized as essential elements of maintaining a better trained and experienced force. Programs such as Child Care, Housing (both family and bachelor) and Morale Welfare and Recreation (MWR) programs assume greater importance and influence. As the force gets smaller we should seize the opportunity to more properly match these programs to force size instead of arbitrarily reducing the programs by the same percentage as force reductions.

Officer strength, in relation to the size of the total force, should increase slightly as force size decreases. We need to recognize that over the last several years Navy has been directed to grow certain officer intensive areas without growth to overall officer end strength. These areas include joint duty, medical and professional military education. An additional factor in determining the required size of the officer corps is the reality that newer, more modern weapon systems are more officer-intensive than the systems being replaced.

The fiscal year 1991 manpower budget meets these goals. The reductions from fiscal year 1990 are balanced between forces and people, fleet manning is maintained at 91.5 percent, sea/shore rotation does not worsen, bonus programs are focused on retaining the skilled people we need to retain, and the career sailor can count on a quality of life that will encourage him or her to remain on board.

The underlying principle of our manpower budget is its balance between force structure and the funding and people needed to operate and maintain those forces. An arbitrary reduction of personnel dollars and/or end strength will upset this balance. We would be forced to cut enlisted strength ashore, since we have to man the fleet properly and adequately. Cutting billets ashore will result in sea/shore rotation going the wrong way, leading to more family separation, lower retention of career personnel, and reduced fleet readiness. Navy leadership is committed to not repeating the actions of fiscal year 1988, when promotions and advancements were delayed, transfers from sea duty were delayed, and we saw the exodus of 14 thousand skilled petty officers when we forced them to make an early decision on reenlistment. They chose to leave.

Navy can shape the force needed to man the fleet with the laws that exist now. Adoption of the proposed legislation would give us additional flexibility in sizing and shaping the force in the years ahead. Navy supports adoption of this legislation.

Senator GLENN. Thank you. General Hickey.

STATEMENT OF LT. GEN. THOMAS J. HICKEY, USAF, DEPUTY CHIEF OF STAFF, PERSONNEL, U.S. AIR FORCE

General HICKEY. Mr. Chairman, members of the committee, I appreciate this opportunity to appear before you to discuss the challenges facing the Air Force as we strive to maintain peace in a very unstable funding environment. I would ask your support as we enter this difficult and complex time. I hope we can find agreement and a common ground from which we can move forward and manage our scarce resources to, first of all, maintain our readiness capability and, second, to meet the career and the personal needs of our military people.

Through your help over the past decade, we have built a highly motivated Air Force made up of men and women with unprecedented ability, skill and motivation. They are the best qualified force in our history. The readiness level required for sustained peace can only be achieved with continued support for our men and women stationed around the world, and many of our people are performing high risk duties involving personal sacrifice and prolonged separations from loved ones. We must maintain our commitment to the quality of life of our people and their families.

Now, as we look at the difficult task of reducing our force, I solicit your support in permitting us to make these force structure cuts in a way that inflicts as little pain as possible on our dedicated Air Force men and women. The potential reductions are significant, and they could require extraordinary measures.

The Air Force is dedicated to preserving the interests of those people who have served long and faithfully. Yet, we must emerge from this transition with a viable, efficient Air Force that will continue to function efficiently into the next century.

To meet this challenge we must reduce the force across all ranks and experience levels. We are employing, as the Navy has described, a balanced set of policies and programs. For the last 3 years we have substantially reduced accessions to offset end strength reductions. We have also offered to the maximum extent practical programs which encourage voluntary separations. These actions stem from congressionally mandated end strength reductions which resulted in over 31,250 enlisted authorizations cut in fiscal year 1988 and the application by over 17,000 enlisted members for early release from the Air Force this year.

Also, since fiscal year 1986 we have witnessed an 8 percent reduction in our officer corps. The Department of Defense has reduced its officer strength by some 11,673 between 1986 and 1990. Over three-quarters, 8,758 of them, have been Air Force officers. So given time, we know how to reduce the strength.

A reduction of this magnitude, however, can destroy the balance of experience and quality we have attained over the past decade. Nevertheless, we will continue to use these voluntary measures, but some involuntary measures may also be necessary. To this end, it is our intent to cushion the impact on the officers, noncommissioned officers, airmen and their families.

We are entering new territory with no experience in dismantling an all-volunteer force and, further, the particular circumstances surrounding this force reduction have never been felt: extremely high retention, a force reduction of a significant magnitude, and a short time to impose the reductions.

If done properly, however, we can reduce the force and emerge with a smaller viable force that yields the highest quality and experience to project us into the 21st century.

Sir, that completes my statement.

[The prepared statement of General Hickey follows:]

PREPARED STATEMENT BY LT. GEN. THOMAS J. HICKEY, USAF, CHIEF OF STAFF PERSONNEL, U.S. AIR FORCE

Mr. Chairman and members of the committee thank you for the opportunity to appear before you to discuss the challenges facing the Air Force as we strive to maintain peace, in an unstable funding environment. I would ask your support as we enter the difficult and complex years ahead. I hope we might find agreement and a common ground from which we can move forward in managing our scarce resources to—first of all, maintain our readiness capability, and second, meet the career and personal needs of our military people.

Through your help over the past decade, we have built a highly motivated Air Force made up of men and women of unprecedented ability, skill and motivation. They are the best qualified force in our history. The readiness level required for sustained peace can only be achieved with continued support for our men and women stationed around the world. Many of our people are performing high risk duties involving personal sacrifice and prolonged separations from loved ones. We must maintain our commitment to the quality of life of our people and their families.

Now, as we look at the difficult task of reducing our force, I solicit your support in permitting us to make these force structure cuts in a way that inflicts as little as pain as possible on our dedicated Air Force men and women.

The potential reductions are significant, and could require extraordinary measures. The Air Force is dedicated to preserving the interests of those people that have served long and faithfully. Yet, we must emerge from this transition with a viable, efficient Air Force that will continue to function efficiently into the next century. To meet this challenge, we must reduce the force across all ranks and experience levels, employing a balanced set of policies and programs. For the last 3 years we have used large reductions in accessions to offset end strength reductions. We have also offered, to the maximum extent practical, programs which encouraged voluntary separations. These actions stem from congressionally mandated end strength reductions, which resulted in over 31,260 enlisted authorizations cut in fiscal year 1988, and the application by over 17,000 enlisted members for early release from the Air Force this year. Also, since fiscal year 1986 we have witnessed an 8 percent reduction of our officer corps. A reduction of this magnitude can destroy the balance of experience and quality we've attained over the past decade. Nevertheless, we will continue to use these voluntary measures, but some involuntary measures may also be necessary. To this end, it is our intent to cushion the impact on officers, noncommissioned officers, airmen, and their families.

Notwithstanding dramatic, non-programmatic force structure reductions, our approach to sizing the force has been to maximize voluntary measures. We evaluate our end strength across the spectrum of the force before employing actions that not only cut accessions, but also separate people throughout the life cycle of the force. In this regard, we've encouraged voluntary separations, and rolled back dates of separation. This approach has enabled us to align our force without incurring severe experience and quality gaps. Obviously, we can't reduce our force by solely limiting accessions, or by encouraging voluntary separations. To enhance these voluntary measures, the Air Force supports DOD's proposed legislation allowing officers to voluntarily retire prior to fulfilling their total commitment for promotion and permitting officers with prior enlisted service to retire after 8 years (vs 10) commissioned service. These two provisions will encourage early voluntary retirements and ease the need to employ involuntary measures to effect the coming reductions. However, the Air Force does not anticipate using a Reduction In Force (RIF) authority of regular officers as a force reduction measure. As you know, we had to conduct a Selective Early Retirement Board (SERB) to meet end strength reductions in fiscal year 1989. At the levels of reduction now programmed, we do not anticipate a need to conduct a SERB or a RIF in fiscal year 1990 and fiscal year 1991.

We also plan to balance the impact of force reductions on the enlisted force by restricting entry into the second and third terms of enlistment. Similarly, we can remove some of the burden from first and second termers by creating more losses from the retirement eligible portion of the force. This will be accomplished by lowering the High Year of Tenure (HYT) for the top four ranks, thus increasing the number of retirements and making room for more members to enter the third term. To minimize their impact, these changes will be phased in, beginning in January 1991.

Although these measures are designed primarily to ensure a strong defense under tight budget constraints, while transitioning to a smaller force, they are also for the benefit of those non-commissioned officers who remain in the force in the 1990s, and beyond. Without such measures, these non-commissioned officers would find themselves unable to achieve increased rank and responsibility in a reasonable period of time—promotions would stagnate—and, subsequently moral and productivity would suffer.

The impact of all the measures on our Air Force men and women have been carefully weighed, but we still need legislative alternatives to cushion the impact of untimely separation. Therefore, we would support legislative measures taken to provide severance pay for involuntarily separated enlisted members.

We are entering new territory, with no experience in dismantling an All Volunteer Force. Further, the particular circumstances surrounding this force reduction have never been felt—extremely high retention, a force reduction of a significant magnitude, and a short time to impose the reductions. However, if done properly, we can reduce the force and emerge with a smaller, viable force that yields the highest quality and experience to project us into the 21st century.

Senator GLENN. Thank you. General Smith.

STATEMENT OF LT. GEN. NORMAN H. SMITH, USMC, DEPUTY CHIEF OF STAFF, MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS

General SMITH. Mr. Chairman and distinguished members of the subcommittee, I am pleased to be here to talk on this issue with you today concerning providing the services with increased management authority.

I think the Commandant needs this force management flexibility in order to take advantage of voluntary options available under proposed legislation. His ability to employ voluntary options will minimize the adverse impacts on our marines and their families, all the time preserving the all-important readiness stature of the Marine Corps.

As previously mentioned, my formal statement has been submitted, and I thank you very much for that, Senator Glenn. I have nothing further to add. Thank you, sir.

[The prepared statement of General Smith follows:]

PREPARED STATEMENT BY LT. GEN. NORMAN H. SMITH, USMC, DEPUTY CHIEF OF STAFF, MANPOWER AND RESERVE AFFAIRS, U.S. MARINE CORPS

Mr. Chairman, distinguished members of the subcommittee: I am honored to appear before you today to discuss legislative proposals to provide the services with increased management authority.

The Marine Corps' manpower goals include maintaining cohesion in our units; retaining readiness; keeping the highest quality marines, and treating all marines with the dignity and respect they have earned. We need additional authorities in how we manage our officer and enlisted population to meet these goals, especially if we are faced with reductions.

OFFICER REDUCTION AUTHORITY

The Marine Corps supports the proposed officer management legislation. The proposed bill contains provisions intended to facilitate officer reductions.

There is one provision in the proposed legislation that is of particular interest to the Marine Corps. That provision is the modification of the minimum time-in-grade requirement for voluntary retirement. The proposal would allow officers in the grades of lieutenant colonel through major general to retire in grade after serving 2 years rather than 3 years. It is a means to thin out at the top and is a much preferred alternative to the distasteful selective early retirement board (SERB) provisions currently in DOPMA. The current climate justifies a higher priority on voluntary measures than on involuntary measures such as a SERB. If concerned about the permanent nature of this proposal, I would encourage that a 3-year temporary authority be enacted immediately so we may make required force reductions in a more balanced manner.

The Marine Corps has a traditionally low officer to enlisted ratio, and has, by far, the lowest percentage of field grade officers. Increased retention of field grade officers has slowed the promotion of our captains to majors to the point that we're 2 years beyond the DOPMA guidelines. This is hurting our aviator retention. The time-in-grade relief would assist in enabling us to manage the inventory of officers, to keep the quality and skills that we need, and to allow us to retire a number of officers with the dignity and respect they've earned.

ENLISTED SEPARATION PAY

Within our comprehensive force management package, Enlisted Career Force Controls, we normally do not carry corporals (pay grade E-4) beyond 8 years or sergeant (pay grade E-5) beyond 13 years (high year tenure points). We believe that our enlisted marines who have served honorably and effectively, but are refused further service prior to earning retirement eligibility, should be provided some form of compensation. A marine who leaves the Corps involuntarily because of our high year tenure points deserves this consideration.

We also support the idea of separation pay for those enlisted who have honorable records who might be forced out if the services are to reduce in size rapidly. Many quality marines would have to leave involuntarily with nothing to show for their service to the Country. Affordability in current proposed budgets is an issue. Regardless, we owe them something.

Senator GLENN. Thank you very much. Since we have several members here this morning, we will go by the 5-minute rule so that we have a chance for everybody to get some questions in a rapid order.

Let me just start off my time, Admiral Boorda, in responding to you. We do not have a severance pay proposal from DOD, so I do not know where the figures are coming from. I understand the DOD is working on one, but the article in the Navy Times did not come from us. I just want to make that very clear. If people have been putting information out to the Navy Times over there, it is on the other side of the river. It is not over here.

Admiral BOORDA. Yes, sir. No, that really was not my point. I think there is much concern among sailors and officers now about what their future looks like. My only point was that whatever we do to make it palatable to leave, we ought not to make it so attractive that the good people do not want to stay.

Senator GLENN. I concur with that completely.

Mr. Jehn, just as a general start here, without our total force policy I am not quite sure how we will know what to reduce or how we are going to design this force of the future. I keep bringing this up at every hearing because I think that total force policy review is so important. I know that it is not completed yet. We are going to have a hearing on it one of these days, sort of an interim status report, when the appropriate time is here.

What is guiding us now? How are we designing our forces now? What are we using as criteria for how we are going to reduce, what the officer requirements are going to be, what types of officers, in the Army is it tanks, artillery or whatever?

We are in the process now of de facto designing our forces for the future without having the overall guidance of the total force policy review that we wish we had started a couple years earlier. What is guiding us in how we are designing it?

Mr. JEHN. What is guiding us right now is the 1990 budget and the 1991 budget proposal. Those two factors are what is guiding the Army's requirement to get this flexibility right now and why we say today the Air Force, Navy, and Marine Corps do not need the legislative relief we have been asking for, but the Army does because the Army is already reducing and it also already reflects some structure changes, a couple of divisions coming down, as you know, and so on.

During the course of the current year, of course, we will be doing a total force policy study, but we will also be putting together the 1992 budget.

The outlook for years beyond 1992, the additional complications include the talks on conventional force reductions in Europe. All of these things will obviously impinge on exactly which of these authorities and to what extent we will use them in the future.

Senator GLENN. The budget is going to drive us. I know that. Within those budget constraints, though, we have to have some concept of what we want these forces to be able to do in the future, what they are designed for. Is it more mobility that will be our guide?

There are any one of a dozen different criteria we could use, and I am afraid that one day it will be a 10 percent across-the-board whack on everybody, and we will just take it that way. That is easy for people to trade over there in the tank when they get together and say you take this percent and I will take that percent. But that does not design the force we need for the future.

Mr. JEHN. No, sir. I agree. I do not expect future force reductions to be guided by some sort of mechanistic rule like let us cut everybody by 10 percent. That is part of the ongoing process in the Department right now, and we will be seeing the military departments' proposals for 1992 at the end of April.

Senator GLENN. In the items I listed that you have submitted to us, the six provisions, what priority would you give those? Could you prioritize them?

Second, do each of the military services have the same urgency for the proposed legislation?

Mr. JEHN. Answering your second question first, the answer clearly is no. The Army needs that relief right now, and the other three services do not plan, as of today, on using these authorities. I will let each of the personnel chiefs speak to that as well.

Senator GLENN. Were the priorities in the order in which I read them, or is it different?

Mr. JEHN. No. I think the priorities would be to start with those things that give us more leeway to encourage voluntary relief, so that is voluntary retirement waivers and separation pay for regular officer resignations.

Senator GLENN. Would you please start over and work from that handout sheet that we distributed?

Mr. JEHN. Sure. In terms of your handout, that would be items three, four and six.

Senator GLENN. So three, four and six would be your top priority?

Mr. JEHN. Priority one, if you will. Priority two would be the expanded SERB authority, which is——

Senator GLENN. Could you differentiate between three, four and six? I would like to prioritize these one, two, three, four, five and six in whatever order you prefer.

Mr. JEHN. Three and four I consider together. Basically in three and four we are talking about first time-in-grade waivers, and the second is active commissioned service waivers.

Senator GLENN. Six, then, would be in there?

Mr. JEHN. Then six would be third.

Senator GLENN. How about the others?

Mr. JEHN. Then your item number two, SERB authority, would be next.

Senator GLENN. That would be fourth. Okay.

Mr. JEHN. Then the next priority would be the RIF authority, which is your item number five.

Senator GLENN. Item five would be fifth. Okay. That leaves number one as sixth.

Mr. JEHN. That is correct, sir.

Senator GLENN. Okay, fine. My 5 minutes is up. Senator McCain.

Senator McCain. Thank you, Mr. Chairman.

Secretary Jehn, when can we expect the total force policy study to be completed?

Mr. Jehn. The study itself, a finished written report, will unfortunately not be ready until the end of the year. As Senator Glenn noted earlier, it would have been nice to have done this probably 2 years ago, but none of us could really foresee 2 years ago the pressures and urgency we feel today.

In the meantime, we have structured the work so that much of it, we hope, will be available to us to help us illuminate the decisions we will be making in May and June as we go over the service POMs.

Senator McCain. Admiral Boorda, where did Navy Times get the information that is on its front page?

Admiral Boorda. I do not know. It certainly did not come from the Navy because we did not have it, either. We learned it from the newspaper.

My point really was not, though, that particular information but, rather, that it is just the kind of information now that is bombarding the officer and the sailor out there in the fleet, and it is all negative.

Senator McCain. Secretary Jehn, we have a hearing scheduled on April 18 on the total force policy. Should we cancel that?

Mr. Jehn. I do not think so. That is obviously up to you, but I think——

Senator McCain. It is on the total force policy——

Senator Glenn. I would have stated that differently. I would have said you will be ready, will you not.

Mr. Jehn. We will be ready to talk to you. Secretary Duncan and I along with the executive director of the study group will be available to answer your questions and give you, I think, some idea as to where we are going.

Senator McCain. Good. We have a sense of frustration here which I know you share to some degree, which the chairman just stated. It is very difficult for us to enact these measures unless we have some blueprint for the future, and I hope that you will be able to give that your highest priority, Mr. Secretary.

Mr. Jehn. I will do so.

Senator McCain. General Ono, in the few minutes remaining I would like to address most of my questions to you, since clearly you are under the gun far more than the other services.

Do you envision any protection for those with 17 and 19 years of service?

General Ono. From 18 years onward, we would not be removing them until they come up for retirement, Senator McCain. That is for sure.

Senator McCain. Do you have any views as to provision of an educational option for people who are involuntarily separated?

General Ono. We are working on some programs to soften the impact of departures, especially for those who do not have retirement eligibility. I know that it is high on all of our minds that we need to do something. That is one of the considerations.

Senator McCain. I think when we are dumping large numbers of military into the civilian economy, we should give the option of providing educational benefits very serious consideration in the event of involuntary separation.

I hope, Secretary Jehn, you will look at some kind of proposal along those lines.

Mr. Jehn. Yes, sir. We are already considering options like that.

Senator McCain. Admiral Boorda, in the event of significant cuts, do you think that—in the long run—this will require some relief from some of the joint service requirements and educational requirements that we have enacted legislatively in the past few years?

Admiral Boorda. Depends on how we come down, Senator. If we come down in a real balanced way, so that I have an officer corps that is of the right size to do all the things it is supposed to do, perhaps not. But what has happened with Title IV and the other joint provisions is that we were legislating more and more and more time away from operational things. And if the officer corps gets smaller, we will have a lot of people who are very good at paperwork and do not have a lot of time at sea.

And so I think we are going to have to look at that after we look at what the total force looks like and the size of the officer corps. And make sure that going to sea and operating and doing the combat readiness things that we all talk about in this subcommittee are still a capability that our officer corps possesses.

Senator McCain. General Ono, will we be required to look at some kind of legislation to protect ROTC candidates or provide compensation for them?

General Ono. You are talking about those who are in the senior ROTC program yet to come on duty. What we hope to do is to allow them to come on duty, those who would want to come on active duty.

The point I was trying to make, sir, is that if we have—we are not allowed the reduction flexibility, we would have to reduce our accessions to a very low level. And that then will be part of great numbers of ROTC graduates who want to come on active duty, and they will not be allowed to do that.

Senator McCain. We would be—in the interpretation of some—violating a contract that we have made with them. Is that correct?

General Ono. Yes. The commitment that we made and for those commitments that came on to—and joined the ROTC program.

You see, it was not long ago that our ROTC program really was not as strong as it is today. It took time, energy, and resources to get it up to the level that we have it now. And what this will do is signal to those on our college campuses throughout America that the Army and the services—as far as ROTC programs—is not a reliable program at all.

Senator McCain. Well, I hope we will have some proposals to address that aspect of this situation as well.

Thank you, Mr. Chairman, my time has expired.

Senator Glenn. Senator Exon.

Senator Exon. Mr. Chairman, thank you very much.

At the last hearing we had, when I think all of you were here, we had a long discussion about whether or not to reprogram funds that have been requested for personnel, and whether the administration should or should not have protected those funds under last year's sequester. I do not wish to bring up the matter of finding fault again, because we are not going to accomplish anything with that.

It is my opinion that we are going to have to provide some reprogramming of funds regardless of whose fault it was to protect the commitments that have been made to those in the services.

There has been some talk—and I have been involved in those talks—about the possibility of reprogramming up to 85 percent of the administration's request. And on the basis of the investigations that we have done, the Senate Armed Services Committee has concluded that if we would reprogram up to 85 percent, an amount that would not adversely affect the personnel that we have in the various services.

I would like to get a statement from you, Mr. Jehn, and if the personnel branches of the service agree or disagree, I would like to have them so acknowledge, because we want your input on this.

My question is, would 85 percent of the reprogramming be sufficient to avoid involuntary RIFs in the service and the breaking of commitments stated or implied?

Mr. **Jehn**. Yes, sir, it would. We think for the most part 85 percent would permit us to continue to maintain commitments both to people in uniform and to new recruits who we have already signed contracts with.

I might add though that the remaining 15 percent, if we do not get that, will cause us to, in my judgment, reduce, for example, accessions to levels that are imprudently low. But as far as a direct answer to your question, I believe we will be able to maintain commitments in 1990 to individuals that are presently in uniform.

Senator **Exon**. Do the uniformed witnesses have anything to add to that? Admiral.

Admiral **Boorda**. Yes, sir.

The 15 percent that would come out if we got to 85 percent, I provided the committee staff with a very specific list of things we would do. And we would, of course, now work off the top of that list doing the least onerous 15 percent first.

For Navy that would mean we would bring in 5,300 less recruits in the next few months. We would essentially cease the ability for people, who got out of the service and who had skills that we need and wanted to return, to come back. Because those are expensive people as compared to a new recruit. And we would look for some savings in the selective re-enlistment bonus program.

So that would be the 15 percent that would hurt the least. And whatever the number turned out to be, we would keep going and the pain would get harder and harder as we got down to the last number. I think that is a reasonable way to approach a percentage like that.

Senator **Exon**. General Smith, or Hickey, or General Ono.

General **Ono**. May I address for the Army.

Senator Exon, the flexibility, as far as the Army personnel account is concerned, is gone. We took enormous reductions even before we got to the state we are in now. And with that then, we would have to take some damaging and drastic actions.

We do not want to underman the force. You have told us repeatedly that the situations we were in, when we had a hollow Army, is one that you never wanted us to return to and basically we are talking about coming to a situation along that line. Because we are left primarily with either bringing in fewer numbers of lieutenants and privates than we need in order to man our force correctly and to keep our combat readiness up, or implementing some early release programs that would be a total surprise to the force and would confuse them and would aggravate that.

And so whatever we would do, we would be forced to do because we do not want to slow down promotions. There again comes, you know, a commitment that we made to our force that, they can expect these when they come. And so the dollar amount for the Army is $35 million, if we come to an 85 percent solution. And that too will hurt the Army severely.

And so what we are hoping is that through the processes that the amounts could be—the amounts that would be allowed would be higher than 85 percent.

Senator EXON. Well, my time is up. I just want to make one last comment.

General Ono, we keep talking about this return to a hollow Army. That is a statement that you people who wear the uniform say and repeat often. I, for one, happen to believe that while there are some concerns in that area this hollow Army business is something akin to the window of vulnerability that I think was never opened as far as many people were led to believe that it was. But I know you have a particular problem in the Army, and I think we should address that.

Along that line, I do not understand, and given the testimony, that we should have an increase in the budget for recruitment. It makes no sense at all to me.

I suggested early on 6 months ago, that, with certain exceptions, we put in a 90 day freeze on any recruitment efforts. It seems to me that our first obligation has to be to protect as best we can those to whom we made commitments.

How can we—can any of you justify, given the dire circumstances that you are predicting and that I think are there—that we should be increasing our recruitment budget?

General ONO. Sir, the numbers to be recruited for the Army this year have come down 25,000, 30,000, you know, in order to match the numbers that we need to make at the end of the year.

Our recruiting budget has remained stable. It is tangent. It has come down, in fact, in real terms.

Senator EXON. Well, that may well be, but the administration requested an overall increase in the recruitment budget. Do you think that is necessary?

General ONO. Sir, we have come down on our recruiting budget.

Senator EXON. So there were other branches that requested an increase. Is that right?

General ONO. Sir, I am responding only for the Army.

General HICKEY. I will be glad to respond for the Air Force.

Senator EXON. Yes, General Hickey.

General HICKEY. We are going from 162 million to 166.8 million, which does not even cover the increase in inflation. So the dollar numbers may be going up, but the actual buying power that we are putting into recruiting is going down.

Senator EXON. Well, Mr. Chairman, this is the confusion that we deal with all the time. All that I am saying is in my opening statement was that, as painful as it is, we are going to have to reduce personnel cost some way, somehow, someplace.

And the answers that I am receiving to my questions, I must say, are not particularly helpful to me in making that decision. Thank you very much.

Thank you, Mr. Chairman.

Senator GLENN. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman.

Mr. Jehn, I notice in your prepared statement that you acknowledge the Senate Armed Services Committee action on the DOD reprogramming and we appreciate that. But you then go on to emphasize the need for 100 percent of the request. Just a moment ago it sounded like you were saying, well, 85 percent would be fine.

Am I mixing things?

Mr. JEHN. No, I think you heard correctly in both instances. Senator Exon's question really related to just what effect would getting only 85 percent have on the men and women in uniform today and those new recruits to whom we have already made commitments. But I think the reason we wanted that 100 percent is to minimize effects downstream caused by accessions that are too low this year and the effects on—in terms of undermanning the forces as well. Some of that is going to happen if we only get 85 percent.

Admiral Boorda mentioned also dialing back a little on some of their selective re-enlistment bonuses. And that means just not hanging on to some good people.

Senator LOTT. Well, I was surprised this committee went ahead and addressed the problem, even though I thought it should have been at a higher percentage. But I would be interested in a couple more specifics.

We heard some, I believe, from the Navy, maybe from General Hickey and General Smith, the specifics of the effects of this 15 percent reduction in the reprogramming.

General HICKEY. Yes, sir.

Senator Lott, from the Air Force perspective the 85 percent level would avoid the involuntary kinds of actions which we described before as Mr. Jehn said.

We would probably take that cut in accessions and those uncommitted accessions, where we have not placed them in the delayed enlistment program or one of those particular places. And we would end up with somewhere between a 4,000 and a 7,000 reduction in our overall recruitment. So that is 4,000 to 7,000 undermanning additional to that which is already programmed in the budget.

Senator LOTT. General Smith.

General SMITH. Senator, the Marine Corps started out when all this brouhaha got going with $108 million that I had to pick up; $22.4 million was for unfunded entitlements, and then our share of the reprogramming or the sequestration was $85.7 million. Through internal personnel management actions, reducing accessions ever so slightly, delaying an officer candidate class, reducing re-enlistment bonuses, reducing slightly some PCSs, permanent changes of station, we have been able to absorb most of those, in fact, absorb the unfunded entitlements.

I was delighted to see that we were only going to have to flail around with some 15 percent on the sequestration. The impact of anything less than that 15 percent is going to adversely impact on some of the things that I already mentioned.

The Marine Corps has already started a 90-day voluntary early out. All we did there was ask our marines who were expected to leave within 90 days of February 1, for example, to make the decision, one, to either re-enlist right at that time, or be able to get out up to 90 days early. We have realized some savings there.

Our main concern there is that we do not want to cut our readiness down. Our Commandant has given us very specific directions of where he wants the Corps to go between now and the year 2000. We can wait on the total force policy study and we participate in all that.

And, Senator Glenn, I certainly agree with you, we needed to have that maybe a couple of years ago on that. But what the Commandant has set for us is being ready to be rapidly responsive to contingency circumstances in the mid-to-low intensity environment. He needs solid, trained marines who have been pulled from the American public, skilled college or high school graduates ready to accept those challenges that we lay before these kids on a day-to-day basis.

Senator LOTT. General Hickey, officer promotions and selection rates have been declining, and time in grade for promotion has been increasing. Surely this is having a negative impact on being able to keep your best and your brightest in the Air Force. Would you like to comment on that?

General HICKEY. Well, it is having a negative impact, sir, and it emanates in multiple ways.

One of the ways that you can tell that you are having an adverse impact on the force is when people refuse to accept the promotions that you offer them after they have competed for promotion and been selected for a promotion and then turn those promotions down and get out of the service rather than accept them.

I am talking about lieutenants—or excuse me, captains going to major as one part of that problem that we have. And we track that on a yearly basis, and they are significantly higher over the last two major lists in terms of the numbers of people.

I must tell you that that has led—you know, the fleet of people who are stepping over the side rather than accepting the higher grade—are led by pilots. They have the highest rate of departure. It is up to about 18 percent or 19 percent of the captain pilots that we offer promotion to major who now walk instead of accepting that promotion. But even in the nonrated sides and the other skills, it is up about 2 percent to 3 percent.

Part of that is because we are promoting majors now at a much later time than was proposed or envisioned or anything else. And it is just the squeeze that has been occurring.

The other place that emanates is when people are eligible for retirement. We measured those people in the year group which were 1 year below the zone eligible for promotion in the 1987 colonel's board. We did not, as you recall, because of several reductions and specifically in our colonel authorizations in reductions in force or in total strength—we did not even have a colonel's board in 1988.

When we had that board in 1989 then, the group, the year group that was 1 year below the zone in 1987, was in the primary zone in 1989. And we measured that group and we found that over 30 percent of them were gone. They were eligible to retire and they did.

We found specifically that in the pilot side of the house over 300 out of 700 pilots in that year group had retired. Normally we would have expected about 100 or 105 pilots in that same category to retire, if history was any lesson. So that tripling, if you will, of those people who retired rather than wait is attributable specifically to the delay in promotions.

Those are tangible measures that I have. How much more is out there in terms of unrest and discontent, it is difficult to say. I see the same thing on the enlisted side of the house.

We went out for an enlisted early release program that was a very extensive program, the second round of the early release this year as we got into these deeper budget cuts that we faced. And we found, in an area where we anticipated perhaps if we were lucky we could get 5,000 people who would volunteer to early release, we got over 17,000 applications. And we, in fact, could not handle all of those and turned a bunch of them down.

Senator LOTT. Thank you, Mr. Chairman.

Senator GLENN. Thank you. Let me follow up with that just a little bit.

General Hickey, would your chart track this one that General Ono has for the Army or would your chart be considerably different on that distribution of officers in 1994?

General HICKEY. It is a considerably different shape, sir. We do have the same problem with overages in some year groups. Unfortunately, I am in a good news/bad news situation. When I take the rated force and fold it into my total officer force and draw under an objective force line like that, I find that I have significant shortages in year groups all the way from about 5 years to 20 years in the 1994 time frame.

I have shortages in those 7- to 14-year groups now. That is why they were targeted for the bonus. I have overages in the year groups between 17 years and 20 years. But by 1994 all of those have either been promoted to colonel or retired, and now my shortages are there.

So I do not have the same—by far—the same magnitude of problems that General Ono faces with the year group side.

Senator GLENN. Captains and majors in that particular time frame that you are talking about now, what percent of those people getting out would be pilots? Because we have tried to address that with other legislation, of course, last year with the bonuses and everything that you are aware of. Is this the group that is getting out, are they mainly pilots? Or is our program not working? Do we know that already? Or is it non-aircrew members getting out?

General HICKEY. Well, there are two questions there. Non-aircrew members are also getting out. They are getting out a lower rate than pilots. Pilots lead the force in terms of getting out. I think the pilot declination rate, as I said, for accepting major is something like 18 percent across the board. Almost one out of five pilots are not staying and not accepting their promotion to major.

It is about, as I recall, six to seven, and I would like to correct that for the record if I may, on the nonrated side of the house, which is also about three times higher than it has historically been. So they are both up at about the same rates. But, yes, it is led by aircrew, by pilots, specifically.

Senator GLENN. General Ono, you mentioned earlier the concerns about the officer/enlisted ratio. I continue to monitor those, so that we do not get out of whack like we were back a few years ago.

The Army proposed a reduction in officer strength of 2,600 in fiscal 1990, 1,696 in fiscal 1991. It is a 4 percent reduction over a 2-year period. Over the same period enlisted strength is reduced by 5.8 percent. It is likely the reduction in each category will grow when the 1991 defense authorization request is finally settled.

Do you have any studies on this as to what the best case, mid case, worst case scenarios would be for the officer/enlisted end strengths in 1991?

General ONO. Sir, what we are doing—and we briefed your staff on it because we knew that you have high interest in this area—is that we trace our reductions directly back to what is coming out of the structure as far as units are concerned as well as what we call our TDA side, which include the major headquarters elements.

Those slices then come out, primarily, out of the identification of the structure and the units that are being removed along with the headquarters element slices that would come out.

Senator GLENN. In the February 1990 report to the committee entitled, "Officer Management Legislation: Why Needed," the reduction in officer strength listed for the Army in 1991 is 2,355 or 659 more than reflected in the amended budget request. Which figure is correct?

Is the figure listed in the February 1990 report correct?

General ONO. You are referring to fiscal year 1991, sir?

Senator GLENN. Yes. In other words, you would now plan to have 659 fewer officers than reflected in the 1991 budget?

General ONO. Sir, the officer reduction in 1991 would be about 2,650.

Senator GLENN. Well, that would appear then to split the difference. Because in the "Officer Management Legislation: Why Needed," the reduction in officer strength listed for 1991 was 2,355. Then the amended budget request came in and it was 659 less. Which is correct?

General ONO. 2,650. Yes, sir. What we were following is an overall plan of reduction for not just this year but, you know, well into the out years. And as we have done that and looked at what the end state of the Army would be in 1994, we developed our plans along that line. And 2,650 would be the reduction that we expect in 1991.

Senator GLENN. Okay. General Hickey, the Air Force proposes a reduction in officer strength of 3,407 in 1990 and 1,536 in 1991. That is a 4.8 percent reduction over the 2-year period. Over the same period enlisted strength is reduced by 7.8 percent.

I think it is likely reductions in both categories will grow, as I mentioned to General Ono. Do you have any mid, worst case, normal case scenarios for this?

General HICKEY. No, sir. What I have looked at and what I have been attempting to deal with, is where we started and where I can see that we are ending up based upon the numbers that I have right now for force reductions.

There is a significant issue that I would like to point out. Within the Air Force, we are in fact increasing the numbers of people in the medical side of the house. And so at the same time that we are making reductions in the total officer force, we are adding roughly 1,000 medical people this year and 1,000 people next year. So that the nonline forces are growing at the same time that the line officer force is going down.

And as you know from your experience, the line officer force is what manages the enlisted force and is what really is applicable to a ratio of who is doing what kind of work for the Air Force in terms of readiness. It is not the doctors, and it is not in medical, and it is not in chaplains and it is not in JAGs.

Within that line force from our maximum strength, which was roughly in the 1986 time frame, until what we see not only through 1991-1992, but if we continue with DMR and CFE and all of those base closures to where we would see a force in the 1994 time frame, I would tell you that the line officer force is going to be reduced by 17.6 percent.

The enlisted force is going to come down at about 14.5 percent from 1986 to 1994 in that same time frame. So you are exactly right. You know, you are going to find years where the enlisted force reductions exceed the officer reductions. Particularly, when we get squeezed into a budget year where I cannot get to the officer force, where it is too late to RIF, or where I have—as we talked before—when they have purely a dollar problem, I do not save any money in an execution year trying to throw officers out. Because I have to pay adjustment pay even if I get a RIF going.

And so we end up as we are in this reprogramming picking on the enlisted side of the house. But overall I think you will find it is balanced. I have become very sensitive to your concern and the concern of this committee over officer/enlisted ratios.

And while we still work our manpower documents as two separate documents to get the jobs done, I am constantly tracking back to see how things are working out. And it will pass the sanity test when I come before this committee.

Senator GLENN. The reason I am bringing it up and pointing it out is I do not want us to get back to the situation we were in before, which everybody finally admitted was a situation where we let these percentages get lopsided in one direction. I want to make sure that as we scale down here it is going to be a very difficult time period but we can not let these things get too far out of whack again or we will be in for another adjustment that nobody likes to go through.

What we are concerned about, as I keep pointing out ad nauseam around here, is the combat readiness and those combat ratios, and we do not want to get so top-heavy that we are letting that get out of whack.

Admiral Boorda, the Navy proposes a plus-up in officer strength in 1990, 340 additional, a reduction of 494 in 1991, for a net reduction of .2 percent over that 2-year period. Over that same period, Navy enlisted strength is reduced by 1½ percent. Now it is likely the reduction in both categories will grow.

Are you scrubbing those officer accounts all the way through?

Admiral Boorda. It is exactly the same kind of thing General Hickey talked about. We were very under strength in medical, and we got legislation that said we had to get to 12,510 medical department officers. In fact, the line side of the Navy is taking a 741 officer reduction, and that is larger in percentage than the enlisted reduction.

But we are having to grow on the medical side and we have legislation to tell us to do that. It is actually a floor for those numbers, not a ceiling. So I have adjusted my plans to do that, and we are doing the recruiting to get there.

We stay, across the entire FYDP, at about one officer for every seven enlisted, a higher ratio than others you might see. And if you take the doctors out of that it is 1-to-9. We do not vary by more than a hundredth of a percentage point on that.

Senator Glenn. Was this to make up vacancies in the medical corps or was this an expansion of the medical corps in the Navy?

Admiral Boorda. It is both. It expanded what the authorization was and we also could not get to those numbers with doctors. The medical bonuses and some other things we are doing have helped us retain some more doctors. So we had a target that was moving up and also we were below the original target, and we have been striving to get up there.

Senator Glenn. We have been very concerned for several years, as you are aware, here on the committee about combat medical, and that gets over into total force policy, what you each see in your reserve strengths or your reserve weaknesses in that medical area more than strengths.

We have 80 percent of the combat medical assigned to the reserves and yet they are woefully inadequate to take care of that. That is a general across-the-board statement. I think we have tried to address that separately, as you are aware, and I was not sure whether you were talking about getting combat medical in the reserves or whether it was in the regular forces.

This is regular forces you are talking about.

Admiral Boorda. Yes, sir. The numbers I was talking about were responding to your question on the regular side.

Senator Glenn. Mr. Jehn, as these reduction plans have been put into place have you reviewed the officer reduction plans of the services under the improved oversight process described in your March 1988 defense officer requirements study?

Mr. Jehn. What we have done, sir, is this group sitting at the table here meets regularly to talk about how we are going to manage the reductions, and we add to the group the three military department Assistant Secretaries. In addition, I meet separately with just the three Assistant Secretaries in the military departments.

We also have been asking each of the services to brief a group of us in OSD that includes me, Mr. Duncan, the Assistant Secretary for Reserve Affairs and a variety of other folks that are relevant to all of this on their plans. So we have all been very actively involved in the decisions about how to proceed and how to go forward on this. And we will continue that, obviously, as events and new developments occur.

Senator GLENN. We have the projected manpower strengths for 1990 and 1991. We do not have them for the FYDP, for the 5-year plan. Can you give those to us? We have to be designing to reach some sort of objective. We cannot just be cutting along by whim year by year. Can you give us a 5-year defense plan of manpower strength level?

Mr. JEHN. At this time, no, sir. We are involved in planning the 1992 budget and the years beyond right now in the Department, as you know, and, as I said earlier, developments like the conventional force reduction talks in Europe and additional budget considerations are going to dictate, I think, largely where we go in 1992 and beyond.

Senator GLENN. Isn't the 5-year defense plan sort of useless at the moment until we get settled down a little bit?

Mr. JEHN. I am not sure exactly how to interpret the 5-year defense plan or any updates we may provide you before the 1992 budget. Those questions I think are better answered by the Comptroller and his staff.

Senator GLENN. Let us turn our attention to this spread sheet that we handed out earlier, the comparison of current law and DOD legislative authorities. Item one on the spread sheet—not in the priority listing but just in the way it is listed numerically there on the original sheet—addresses the authority DOD wants to curtail previously-approved periods of continuation of regular officers on active duty.

Under current law, Secretaries of the military departments may continue on active duty regular officers who would otherwise be separated involuntarily because of failure of promotion. The authority DOD wants is to be able to involuntarily curtail these periods of continuation.

Mr. Jehn, you say you need a provision in law to do what you want to do. Since the Secretaries of the military departments have the authority to continue officers, do they not implicitly have the authority to discontinue the officers?

Mr. JEHN. My understanding is they do not. Once an officer has been granted permission to continue to retirement, despite being passed over twice for promotion, that is tantamount to a contractual obligation on the part of the service to that individual, and we are seeking the authority for breaking those contracts right now.

At the moment, however, we do not anticipate any use of this authority, at least under current circumstances.

Senator GLENN. Have all of you looked at that?

Mr. JEHN. Most of those officers that are so affected are well beyond 15 years of service, so at the moment we do not envision using that authority.

Senator GLENN. Do all of you use the same form for this? Is it the same kind of contract or is it a different contract from service to service?

General HICKEY. I believe within the Air Force, for instance, pilots who fail twice for promotion to major will be offered continuation if they meet minimum standards of officership and capability. And in that particular case I believe they are extended for 4-

year periods. But it is a fixed period of time contract that they are extended for, and I think what this would give you is the ability to break that fixed period of time contract rather than waiting for it to expire.

Senator GLENN. Do you all agree in your individual services that we need this kind of authority and that it is not in any existing authority you have now, the way you write your individual contracts?

Admiral BOORDA. We extend large numbers of nurses, for example, who did not make lieutenant commander and we will continue them on as lieutenants. I do not envision that we would use this, considering the kind of officers that we are retaining and continuing, even if the authority were granted.

General ONO. We use it primarily for the medical departments—doctors and nurses and lawyers. It would not be a large program for the Army.

Senator GLENN. Well, if the general feeling is you probably would not use this, why do we need it? Why are you asking for it, then?

Mr. JEHN. The feeling was that we ought to have the opportunity or the ability to do this. If we are also going to be forced into using RIF authority for other officers we certainly ought to be as well trying to separate officers who have twice failed promotion.

As I said, at the moment we do not anticipate using this authority and that is one of the reasons why it was listed as our lowest priority.

Senator GLENN. If this was put in, how many officers would you probably discontinue in fiscal year 1991 and for each of the next few years?

General Ono, do you have any idea what that number would be?

General ONO. Sir, most likely we would not even use this provision because we need the medical people.

Admiral BOORDA. We only use that provision for medical people and we would keep them all.

General HICKEY. None.

General SMITH. I would not have to use it, sir.

Senator GLENN. The next one, item 2 on the sheet, addresses the authority DOD wants to liberalize the forced retirement of regular O-5s and O-6s. Under current law, Secretaries of the military departments may convene selective early retirement boards to force the early retirement of O-5s who have twice failed promotion to the next higher grade and to force the early retirement of O-6s who have 4 or more years of service in grade.

The authority DOD wants is to extend eligibility for forced retirement to O-5s with one promotion failure to the next higher grade, and to O-6s who have at least 2 years in grade.

Mr. Jehn, what is the rationale on this one?

Mr. JEHN. Here again what we are trying to do is increase our ability to exercise control over the officer force. At the moment, two particular problems arise. One is that the current authority does not expose sufficient numbers of officers to selective early retirement, and, second, the current law provides a 5-year sanctuary to those who have already been exposed once.

If additional force reductions become extensive, we are going to need to go back and re-look at some of those individuals. So, in other words, the number of officers currently eligible for selective early retirement has been reduced because of previous early retirement actions.

Senator GLENN. If we had this, how many people would probably be retired early? Could you give us an estimate of this for fiscal year 1991 and the outgoing years?

Mr. JEHN. At the moment, sir, only the Army is planning to use this authority and we expect close to 300 officers would be affected. I will let each of the service personnel chiefs comment on this, too.

But one thing I want to mention is that any numbers we offer you in response to any one particular authority here is going to be contingent on the extent to which we can get and use other authorities as well. So they are going to be sort of considered as a whole, I think, and if we get the whole package I believe the Army would plan on hitting about 280 officers with this proposal.

Senator GLENN. If the whole package was passed as you have presented it, there would be different percentages. If some of those parts were taken out, the other percentages would change?

Mr. JEHN. That is correct, sir.

General ONO. Senator Glenn, I wonder if I could just comment on that. The Army is the only service that has conducted selective early retirement boards for the past 5 consecutive years. It is really not a pleasant exercise; it is done only as a last resort action as far as the Army is concerned and it is within the authority of the service Secretary.

We are the ones who have asked that this provision be included, because, of all of the various force loss programs that you have, at least these officers have a retirement to look to, in other words, a retirement package that would be allowed to them, whereas if we do large numbers of reduction-in-force actions we are talking about officers who have no retirement to fall back on.

This is a difficult action. What the Army is asking for in this regard is at least the authority to do this and to give our Secretary and Chief the choice as to whether we employ these or not. This program we have used, as I said, extensively in the past because we had to.

It comes from the fact that our Army has grown smaller and as it grows smaller the DOPMA rules force the numbers of field graders to be smaller. At the same time, we have officers that are not leaving because they love the Army and they prefer to stay. For the overall good of the Army of the future, you need processes and the flexibility to shape your force so that it will have the correct flow through it, and this is the reason why we have introduced this as part of the legislation.

Senator GLENN. What are the conditions of retirement for people forced out like that? Is it just the same as if they had qualified for a full 20?

General ONO. These all are officers beyond the 20-year mark.

Senator GLENN. They are all beyond 20?

General ONO. Yes, sir. The lieutenant colonel normally stays until 26 years of service and the colonel to 30. What this then does is it terminates their service before those years.

Senator GLENN. But nobody under this particular requirement on item 2 would be forced out in under 20?

General ONO. You are correct.

Senator GLENN. Item 3 addresses DOD's request that the Secretaries of military departments be allowed to waive the requirement that officers serve 3 years in grade in order to retire in that grade. DOD wants the authority to waive this requirement down to 2 years.

Would you comment on that, Mr. Jehn, what is the necessity for that?

Mr. JEHN. Well, again all these proposals are designed to both expand our ability to enforce some controlled separations within year groups that we do not presently have the satisfactory or adequate authority to do. That means that under current law if we are going to reduce the officer force and the bulk of the reductions are going to come among very junior officers or among some but not all officers who have already reached retirement eligibility, what we are trying to do with all of these authorities—and this is a good example—is to increase our ability to control and increase separations among officers in the roughly 5- to 20-year period and some officers who are already eligible for retirement.

This authority would give us the ability to get voluntary retirements among those already eligible for retirement. We are not sure, of course, how many people would take us up on this offer, so our estimates of about 400 officers in 1991 are just that, sir, estimates.

Senator GLENN. The President already has the authority in law to waive the 3-year time-in-grade requirement "in individual cases involving extreme hardship or exceptional or unusual circumstances." I presume you feel that is not adequate authority to address this without additional legislation.

Mr. JEHN. Yes, sir.

Senator GLENN. Does that statement with regard to the President, that requires that these unusual circumstances are only pertaining to one individual. It is not for the good of the service overall; is that correct?

Mr. JEHN. Yes, sir.

Senator GLENN. You say there would only be about 400 officers affected by this service-wide?

Mr. JEHN. The Army about 120, the Air Force about 280, but again I will let the personnel chiefs comment on that. Right now the Navy and Marine Corps do not expect to use this authority.

Senator GLENN. General Hickey.

General HICKEY. If you went to a 2-year retirement eligibility, it would expand the number of eligibles in the Air Force in 1990 by 566 colonels and 188 lieutenant colonels, and we would expect about 123 of those would be additional retirements. It saves about $2.5 million.

I guess I grew up in an environment where we were down to 6 months time-in-grade for retirements coming out of Southeast Asia. Three years is a very stringent amount of time. It became a solid part of DOPMA, and we do not argue with that. In the kind of environment where we are right now, we know that you can get 100-

plus more retirements of people who were going to leave a year or so from now anyway.

As long as you put a very stringent time limit on it or some other limitation which makes everyone understand that this is not a permanent feature, then it allows you to take advantage of a short-term reduction in an easier method and less involuntary method than others. So we support it for that reason.

Senator **Glenn**. General Ono.

General **Ono**. We have large numbers to remove, and so whatever we can get by way of volunteers we would prefer. And this would be a temporary measure. We fully understand that. We did submit to Mr. Jehn's office the number of 120, and I really do not know whether that is a good number or not because we have never tried it. We can just guess.

What we plan to do with it, though, Mr. Chairman, is to be selective with it, because if an officer who is requesting early retirement has a critical skill that we need or is located in a key assignment where we must have that individual remain there, we plan to do this because the combat readiness aspect is important to us.

So, therefore, as we look at this program it needs to be on our terms and not the officer's terms.

So this is not a guaranteed entitlement. It would be the call of the Secretary.

Senator **Glenn**. It would be very selective.

General **Ono**. Selective in that we would be examining what specialty the individual is in and releasing only those that we feel that we can afford. That to us is the correct way of operating this provision.

So in regard to the numbers I would say that it would come to around 200 to 300 perhaps. But again, Mr. Chairman, we are guessing at it because we have never had this provision allowed.

Senator **Glenn**. Mr. Jehn, if you were granted this authority, would you support a provision that would require the calculation of the retired pay for officers who voluntarily retire under this waiver to be based on their high 3-year average in basic pay?

Mr. **Jehn**. I think all the people we are talking about now would ordinarily be authorized retired pay based on their final year, as I recall, and we are not tied to any of these authorities, as far as I am concerned. This is not all written in stone. I look forward to the opportunity to work with all of you to talk about modifications to all of them.

Senator **Glenn**. What would you think about it in the individual services. Admiral Boorda, would you favor it if they voluntarily retired under this waiver their high 3-year average would be the retirement pay?

Admiral **Boorda**. This is obviously off the top of my head, but back when DOPMA was written—and I participated some with Fred and others when we were having discussions about it—we were trying to lengthen terms of service, and now we are at a point where we are trying to shorten terms of service.

I would view something that made the officer then pay for doing something we wanted him or her to do now is a little bit questionable. What we are trying to do here is soften the impacts of SERB with this provision.

I would certainly want to discuss that more and see how all these things tied together, Senator, rather than just saying let us have the officer pay the price for doing something that we are asking him to do.

Senator GLENN. General Ono, do you have an opinion on that high 3-year average?

General ONO. Sir, we would prefer no change to the retirement pay rules we have now because we plan to use this only during these brief periods where we have some enormously difficult reduction actions to take. So whatever volunteers we can get that would lessen the numbers that we need to involuntarily force out, we would prefer.

Senator GLENN. Admiral Hickey—I mean General Hickey; my apologies.

General HICKEY. That is all right.

Admiral BOORDA. I do not know why you apologized.

General HICKEY. Well, it was a smear, you know. At any rate, the answer is we are not interested. To heck with it. We are offering you a way to reduce the force in a relatively benign environment and people to leave early and with an enticement to leave early. Now you want them to pay for it.

Not only that, I think one of the things that we talked about earlier is that you have to be careful when you get enthused in this whole business of trying to make somebody pay for everything maybe two or three times.

That is, you are nibbling around at the retirement system, which has already been nibbled and right now is about maybe the only thing that has some stability in it, and that is questionable when we have people that are still talking about COLA freezes on both sides of the river now.

You know, it is the wrong message to send to people if you are going to try and retain anybody after all of the dust settles in this mess.

Senator GLENN. Let me make certain everybody understands. I am not proposing that this is the way we are going. I am asking the question to get your opinions on this and what effect it would have. General Smith.

General SMITH. Senator, I have not really dug into any response for your question, but I would say we have to really be careful what we are doing to our future members of our Armed Forces here and making sure that we have a good, solid base, a decent career potential and career motive for serving their country in the services.

So I would support anything that would be a benefit to the officer being released fiscally.

Mr. JEHN. Senator, may I add just one final note to that? What you have heard from the four personnel chiefs is really an argument based on equity. I think it is a very persuasive argument, but I might just also note there is a practical side to it. The purpose here is to get people to retire and retire a bit earlier than they otherwise would. If we impose an additional cost on them, there are going to be far fewer volunteers for doing that.

Senator GLENN. Well, I agree with all of you that whatever we do on this, whatever arrangement we make has to be done keeping good faith with the people that devoted a good chunk of their lives to this, and you cannot deal with them unfairly, nor will this committee do that.

Turn to item 4 on the spread sheet. Item 4 addresses the authority DOD wants to waive the requirement for an individual to serve 10 years as an officer in order to voluntarily retire as an officer. DOD wants authority to waive this requirement down to 8 years.

Mr. Jehn, on what basis did you select a floor of 8 years for the waiver authority you requested? Is there any reason why this was not 7 or 6 or 9?

Mr. JEHN. Not necessarily, sir. All of these cutoffs are admittedly a bit arbitrary, but the 8-year selection was a decision based on judgment about this being sufficient to induce the behavior we wanted—namely some early retirements or retirements earlier than otherwise would occur—and at the same time honoring to as great an extent as possible the spirit of the DOPMA statutes that we obtain an adequate return on the investment we make in new officers.

Senator GLENN. Well, do we have an analysis in terms of return on investment that you mentioned or the cost-benefit on your proposal that you could give us?

Mr. JEHN. I have not seen one, but we will try to provide something along those lines for the record, if you would like.

Senator GLENN. Well, were cost-benefit analysis and return on investment, was that a basis that you looked at across all of these waivers, or was that considered? You say you do not have it for this one; we do not have it for the others either?

Mr. JEHN. Sir, it is a little misleading to say we looked at return on investment in all cases, but we certainly considered the overall costs of these programs and tried to balance them against each other.

But there is a certain amount of subjectivity to these kinds of decisions as well because what we are trying to do at the same time that we honor the responsibility we have to the taxpayers to make careful use of their money is at the same time also honor the commitments and responsibility we have to members in the military right now.

So that delicate balance is something we have considered throughout all of this.

Senator GLENN. Do we have figures from each of the services as to how many officers you would probably retire under this authority in 1991 and in the outyears beyond that? General Smith, do you want to lead off this time?

General SMITH. No, sir, I do not have those figures. I can provide them for you.

Senator GLENN. All right. Thank you. If you would do that, we will include them in the record.

[The information referred to follows:]

ESTIMATED NUMBER OF MARINE OFFICERS TO RETIRE

For the Marine Corps, we estimate that 30 to 40 additional officers would retire each year.

Senator GLENN. General Hickey.

General **Hickey**. We know that we have 254 captains that would have over 8 years and another 388 captains that would have over 9 in fiscal year 1990 and similar numbers, slightly smaller, in 1991. We would expect out of that some 642 or so that about 192 additional retirements would occur in fiscal year 1990 and about 152 in 1991. Again, it saves about $2.2 million per year.

Again, the whole purpose is to accelerate losses which we think are going to occur anyway. We know they are going to retire. It is just a matter of rolling them forward a couple of years so that as we are in this cutting mode we let those people go home that are going to go home eventually and give those who will stay with us long-term the opportunity to stay with us for the long term, rather than throwing somebody out involuntarily this year and then finding that one of these will voluntarily leave a year or two from now and we will be looking for someone else who can stay with us.

So they do not all turn out to be a pure analysis of cost-benefit or investment return. In this environment, where we are cutting like we are cutting, most of them are not very smart things that you do on a regular business basis.

Senator **Glenn**. Admiral Boorda, how many people would you probably retire?

Admiral **Boorda**. We do not intend to use that. I will provide you for the record what I think would happen if we did. We have a rather large limited-duty population. These are ex-enlisted people. And that is who that would affect. I think we need a psychologist more than a systems analyst to figure out what would happen.

I do not think we really know the answer. I think we just encourage more people to go and hope some of them will take it.

[The information follows:]

ESTIMATED NUMBER OF NAVY OFFICERS TO RETIRE

The number of officers who would retire at 8 years of commissioned service is approximately 80 per year.

This group would consist primarily of officers who felt that they were not competitive for promotion to O-4 for a variety of reasons.

Senator **Glenn**. General Ono, how many would you lose?

General **Ono**. It would be just a guess. We think about 120. Again, we do not have a large population of soldiers or officers who have extensive enlisted time that falls in this category. But again, Mr. Chairman, it was introduced with the idea of trying to have more volunteers before you have to do the difficult involuntary, forced losses. So we think it is going to be a small number, about 120 perhaps, for the Army.

Senator **Glenn**. Would anybody be affected at under 20?

General **Ono**. No, sir. These are all retirement-eligible.

Senator **Glenn**. Everything in all your proposals would be over 20?

Mr. **Jehn**. That is correct. General Hickey, I think, made the key point here. These are all people that are going to retire sometime in the next 2 to 4 years.

Senator **Glenn**. And are eligible?

Mr. **Jehn**. And are eligible today on the 20-year basis but are not eligible because they have not spent sufficient time in grade. So we are trying to move those retirements up.

Senator GLENN. Turn to item 5, if you would, DOD's request for authority to conduct RIF, reduction-in-force, boards for regular officers in the Army who have at least 1 year in grade and who are not eligible for retirement or are not within 2 years of retirement eligibility.

This authority, as I understand it, is requested for the Army only and no more than 30 percent of those considered by a RIF board may be RIFed. Let me go through that again. For regular officers in the Army who have at least 1 year in grade and who are not eligible for retirement or are not within 2 years of retirement eligibility.

General Ono, how would that work?

General ONO. This is an Army-only provision. This is the chart, of course, that drove us to it. Suddenly we find ourselves with a population between years 5 and 18 who are over a line. What we need to do is to pare that down, not to do it in a brutal way and not to do it in just a sheer mechanical way but to look at specialties and the records of individuals and to systematically, however, work our way down so we can come down to it.

But who would not be eligible are officers who are on promotion lists and officers who are within 1 year—from 1 year from promotion they would not be eligible. All others would.

Senator GLENN. Could people not be forced out under 20 with this?

General ONO. Yes, sir.

Senator GLENN. I thought we said just a minute ago that nothing in this proposal, all six proposals, could force people out under 20. This one would. You could force people out with 18 or 19 years if you wanted to, is that right?

General ONO. No, sir, not at 18 or 19 years.

Mr. JEHN. We would not use it for those year groups. But, as General Ono said, this is really the only way to get at those year groups between about 6 or 8 years and 18 years. We will consider it a last resort measure if all these other things we have been talking about, which are voluntary in nature, do not work or do not have sufficient results.

But at the moment the Army's situation may be serious enough to warrant using this.

Senator GLENN. Do the other services not see any need for this? This is Army only?

Mr. JEHN. At this time.

Senator GLENN. Would officers be permitted to go out of this into the Reserve?

General ONO. Yes, sir.

Mr. JEHN. In fact, we would encourage that to the extent we could.

Senator GLENN. I guess the answer to how many officers would you separate in the outyears would be answered by your chart right there. Your objective would be to get down to the line, is that correct?

General ONO. That, along with the volunteers that we can get from the other programs that we described. But, more or less, your observation is correct. Anyone who is above that line and colored in red then would be over aligned as far as the force is concerned.

Senator GLENN. We really need that total force policy, do we not?

Mr. JEHN. Yes, sir.

Senator GLENN. I wish we had that now because here we are talking about programs that are going to put people in the Reserve. We do not even know what they are going to do. We do not know what the force structure will be. We do not know what the mission assigned would be. And yet we all know intuitively it is a good thing to do. I agree with you on that.

I think they should be encouraged to go into the Reserves because they are experienced. But we do not even know what the force structure is going to be, whether we want tanks or artillery or air. We do not know what we want in this until we settle down on our total force policy for the future.

Let us go to item 6, addressing DOD's request for authority to pay involuntary separation pay to officers who voluntarily separate. Currently involuntary separation pay is paid to officers who are involuntarily separated. What we have in this proposal is the reverse of the retention bonus.

Mr. Jehn, why do we want to pay a bonus to officers who voluntarily separate from the service?

Mr. JEHN. First, we would try to control those separations. That is, the services would have to exercise control over who was eligible and who in fact got it. But the basic answer to your question is we would like to do this so we would not have to do the thing we were just talking about a moment ago, namely RIFs.

Once again, this is a provision that will allow us to get at those year groups between 6 and 8 and, say, 18.

Senator GLENN. Would all officers who voluntarily separate be paid a separation bonus under this proposal?

Mr. JEHN. Not necessarily. We would specify ahead of time what year groups and what MOSs, and we could easily also exercise further control even within those groups.

General ONO. Mr. Jehn is correct. As far as the Army is concerned, for this program we would be selective in looking at the officers and determining their skills and if they are needed within the Army or if they are at a location where it would be imprudent for us to pull them out because of combat readiness reasons. We would not be allowing those officers to depart.

Senator GLENN. Would this apply to all services?

Mr. JEHN. Yes, sir.

Senator GLENN. How would it work between the services and, for example, would officers who voluntarily separate in one service draw involuntary separation pay while those in another service would not?

Mr. JEHN. It would depend again on critical skills and needs in each of the services and the year group. Certainly what we would do within OSD is issue policy guidance to make the services apply this provision as consistently as possible.

But one service may have an overage in some area, while another may not. So they would not necessarily be exactly the same—the application of this provision.

Senator GLENN. So you would have people in voluntary separation in one specialty, say, and they would not get the separation pay, and in another specialty area they would get it, even in the same service?

Mr. JEHN. Yes, sir.

Admiral BOORDA. This is written so that the Secretaries of the services can apply it. We would try very hard in the Navy not to use this provision for the same reasons that are troubling you.

However, when you end up in a situation—but we support this because when you end up in a situation like the Army is in, it also troubles you and troubles us to send people home with 15 years in, with no vesting.

So we are really between a rock and a hard place here, Senator. We would try very hard not to do this in the Navy and would try to take our reductions in some other way.

Senator GLENN. How about the rest of you? General Hickey.

General HICKEY. We are in the same position as the Navy.

General SMITH. Same position in the Corps, sir.

Senator GLENN. Let me follow that up just a little bit because I am troubled as to how this whole thing would work. Would you work this, say, that it would apply to everybody that is in the artillery, let us say, or would you have situations where, because of a different MOS, a very special job category, you would have people sitting across from each other at desks and one would get the pay and one would not? Is that the case?

General ONO. What we would do is to target in on specific year groups and offer members of that cohort the opportunity to apply for separation. If they do so, then when we get their request we would check their records. We would look at their specialties. We will see as to whether we have a shortage there or if the specific location which they are in is one that is critical.

Then we would have our choice in regard to whether we would approve or disapprove the request.

Senator GLENN. You would also take into account fitness reports and efficiency reports?

General ONO. Efficiency reports will have to be considered, absolutely correct.

Senator GLENN. So you would tend to not approve the good people for voluntary retirement, I would presume, is that correct?

General ONO. Sir, we would be selective.

Senator GLENN. The rest of you the same?

Admiral BOORDA. Again, we would try very hard not to do this because of the confusing nature of it.

Senator GLENN. General Hickey.

General HICKEY. We are in the same position. If we were to implement this, the Air Force would target only those cohort groups which need to be reduced (by grade, competitive category, year group, specialty and/or other identifying factors). We would have control over how many applicants would be allowed to voluntarily resign.

General SMITH. Same, sir.

Senator GLENN. Mr. Jehn, there is another way of looking at some of this. People have brought up whether it was all to try and take care of this particular difficulty of reduction in force that we are talking about or reduced end strengths. But some of the authorities you are seeking could be aimed at lubricating the promotion machinery.

Some of the so-called promotion log-jams, which some of our witnesses have attributed to the promotion opportunities and timing in DOPMA are really of the services' own creation. Table 15 of the February 1990 report you sent to us entitled "Officer Management Legislation: Why Needed" shows that the Army promoted well above the DOPMA opportunities to the grades of major, lieutenant colonel and colonel for a number of years. There is no wonder there is a promotion log-jam.

Is the reality that these authorities will also be used to bail out the services from bad decisions they made on officer promotions?

Mr. JEHN. Well, I am not in a position to judge the extent to which the situation we are in right now is a function of previous—whether they are bad decisions or misguided decisions I really cannot judge.

What I will say, though, is that our principal intent with this legislation is to in fact separate officers. It is undeniable, however, that as we do that and we are successful in doing it the officers that remain in service are going to face both a better work environment and additional opportunities that they might not otherwise have or earlier opportunities than they might otherwise have for career advancement and progression.

I think that is right, that what we want to do is wind up with a force at the end where individuals that remain in the military are not faced with paying a bill in terms of stagnant or greatly-delayed promotions, for example. So I hope that past decisions have not contributed greatly to the position we are in right now, but what we are doing right now is trying to look forward and create a force that has balance in terms of offering individuals opportunities for career growth and promotion as well as the balance we have been talking about here in terms of pay grade and MOS mix and so on.

Senator GLENN. Well, there have been some imbalances, at least if weighed against what the design of DOPMA was. When officer strengths were going up the services generally promoted at opportunities above the DOPMA design opportunities, and now that officer strengths are going down it is going to be very difficult to say that the services should not slow down the promotion mill by promoting at opportunities below the DOPMA design level.

How would you respond to that?

General ONO. The Army has been below the DOPMA opportunities for a number of years, and we did have higher promotion opportunities but that was in the seasons when or in the years when the Army strength was growing.

Senator GLENN. Did you not get well above, though, on major, lieutenant colonel and colonel?

General ONO. Yes, sir, we did. But, as you see, from 1987 and since then we have been far below that.

General HICKEY. Sir, on the Air Force side of the house I would tell you that our purpose is to have a stable set of promotion criteria that does not vary, and we would not deliberately vary the officer selection rate depending on whether or not we were increasing in strength or decreasing in strength.

But our underlying management philosophy would be to make those selection opportunities stable over time. I cannot think of a reason why you would really want to vary those things. That kind of comes under the syndrome of, well, we are doing everything else bad; maybe we ought to slow down promotions and make those bad, too. And then we can cancel leaves until morale improves.

You have to start maintaining some portions of this officer management system and enlisted management system if you are going to have a viable force at the other end of this reduction, assuming that there is an end to it.

Senator GLENN. Well, do you agree with the DOPMA design? Do you think it is valid?

General HICKEY. I think most aspects of the DOPMA design are very applicable over a wide range. They give the services the flexibility that they need to manage, and they give them the right kind of targets to manage within.

Certainly, though, I do not know that any piece of legislation can envision all the kinds of extreme growth or cut, and particularly in the kind of environment that we are anticipating now in terms of reduction. I see the adjustments that we are asking as temporary adjustments to DOPMA in the legislation that is before you as just exactly that—a short-term thing to go through a very unusual period of time.

Then certainly within the Air Force we can revert back to the general provisions of DOPMA and live and continue through all of the other provisions of DOPMA even in this reduction period.

Senator GLENN. Okay. What I was referring to basically with my earlier remarks is that we have gotten pretty far away from DOPMA and we do not want to see us get farther away during this time when we are retrenching a little bit. Those were the examples I used a little earlier.

Admiral BOORDA. Senator, if I may, we in the Navy have stayed very close to the DOPMA percentages and the DOPMA years, and we try to do that. But you can see the problems that a service can face right now because of the way DOPMA is written. We are executing the 1991 promotion plan without a 1991 budget. So we are doing a little guessing all the time and trying to make it come out right.

Over the years we have done a good job of guessing and we have stayed right on the DOPMA numbers. But it is getting harder and harder to guess.

Senator GLENN. We want to keep up with this all the way through while we are making changes over the next several years here. Let me ask you to provide some information. I doubt if you have this at your fingertips here, but let me ask you to provide this for the record.

What would be the effect on the DOPMA field grade ceilings for each service if the services promoted at the DOPMA design opportunities—the 80 percent to O-4; 70 percent to O-5; 50 percent to O-6—but moved the promotion midpoints of 10 years to O-4, 16 years to O-5, and 22 years to O-6 out by 2 years? We can give you that written out, or send you a letter on it. If you could give us that for the record, we would appreciate it.

Mr. JEHN. Yes. I think we understood the question, sir, and we will get you a response on that.

[The information referred to follows:]

DOPMA FIELD GRADE CEILINGS

If the DOPMA-designed promotion opportunities (i.e., 80 percent to O-4; 70 percent to O-5; 50 percent to O-6) were retained, but the DOPMA promotion midpoints (i.e., 10 years to O-4, 16 years to O-5, and 22 years to O-6) were increased by 2 years, the number of field grade positions authorized by the resultant field grade tables would be considerably less than the current tables. This action would exacerbate the problems currently experienced by the Department. The existing grade tables already constrain the services from funding all of their field grade requirements. A decrease in field grade authorizations would, thus, increase the number of unfunded requirements. It would also increase the number of field grade reductions required and further complicate reduction plans, since selective early retirement boards are the only viable means of reducing the field grades. Further, the current promotion opportunity and timing objectives have generally provided the retention rates desired, except for several critical specialties (i.e., pilots, nuclear officers, physicians). An increase in promotion timing would send the wrong signal at a time when we are trying to retain a high quality ready force, improve retention in our critical specialties, and minimize personnel turbulence, particularly on our career force. As we look to the future, however, we will be considering a wide range of management options to include the current DOPMA grade tables and their impact on management of a smaller force.

Senator GLENN. Mr. Jehn, in your February 27, 1990, letter to us asking for the actions we have discussed, you did not indicate whether or not you needed any enlisted personnel reduction authorities.

Do you believe you need such legislation? If you do, could you summarize for us what particular authorities you need and when we can expect to receive your proposal?

Mr. JEHN. We do not require any additional authority to separate enlisted personnel, Mr. Chairman.

But what we are going to propose to you—and you will be hearing from us within the next couple of weeks on it—is a modification to the separation pay entitlements that would authorize our paying enlisted personnel as well.

In other words, current law allows us—it would not be fair or equitable to do so—to get at individuals with, say, 12 or 14 years service in the military—people who have made a commitment to the military that have already sacrificed—we can separate them without any benefits at this point.

We do not think that is fair, so we are going to be coming back to you with a separation pay proposal. As I said, I can talk about the broad outlines of it today, but we will be getting back to you within the next couple of weeks.

Senator GLENN. You are talking about actually separating them involuntarily, as opposed to just not letting them reenlist?

Mr. JEHN. Correct.

Senator GLENN. For those people who are forced out, are you planning any transition assistance? You are going to have a large number of people being put out, some of them with rather lengthy service. The possibility of that, going out in the civilian sector, some of them may not have retirement or other incomes. What initiatives are you taking to provide transition assistance to separating military personnel?

Mr. JEHN. Sir, we already have a pilot program going with the Department of Labor to evaluate a variety of transition programs.

In addition, the Army has put together a plan that, based on my limited exposure to it, looks really sensible to assist people in making the transition from military to civilian life, and that's among the things this group has been talking about.

And we certainly plan on developing more detailed programs that would help officers and enlisted personnel make that transition to civilian life more easily and with less pain than they otherwise would.

Senator GLENN. The Secretary mentioned you have a program. General Ono, you are going to be impacted earliest.

General ONO. Yes, sir, and it primarily is to work with the Department of Labor and the various States of our Union to be sure that we can counsel soldiers in regard to where they can go, where the jobs are available, not to create an entirely Army-only structure. It is to give counseling, but to use the services of the other departments to identify where people may wish to relocate because the jobs fit the skills that they have.

In addition to that, as Senator McCain had pointed out, education counseling is a large part of it also, because a great number of them will have education benefits that they may choose to use.

It is a difficult thing to do, but very, very necessary in our minds to make sure that our soldiers know that we do still care for them.

General HICKEY. Mr. Chairman, both the Army and the Air Force a couple of years ago anticipating that these kinds of cuts were going into effect and doing them on the officers' side of the house did do some pilot programs and some experimentation with in-service or service-contracted transition programs. Some of those were very fruitful, and they may be worth resurrecting and taking another look at.

We were precluded by the Congress from continuing in those efforts at the time we did it before, but the environment may have changed now, and I think we would be very interested in the Air Force in reinvestigating that area if this committee would give us approval to do so.

Senator GLENN. I am sure we would. We will take a look at that.

Admiral BOORDA. We would join in that. In the Navy, we looked at their programs and programs like them and then got congressional direction not to continue.

Senator GLENN. Let me get into one other area here before we close. I raised the issue of hollowness at our last meeting, and you have already mentioned that today a couple of times.

General Ono, on the DOD manpower requirements report, the Army will be manned at 87.4 percent of the overall program requirements, but then you get into specifics and the percentages change quite dramatically, strategic 92.2—85.7 in strategic, 92.2 in tactical mobility, 79.2 in communications intelligence, 73 in combat installations, 91 force support, 72.9 medical on down, 68.3 in R&D, geophysical activities, 81.5 in training, 73.9 support, a whole list of the figures. That makes us wonder if there aren't substantial disconnects between the manpower and the force structure in the Army. In other words, a hollowness in a more general term in some functions.

Would you comment on that.

General ONO. I believe you are reading from the requirements rather than the authorizations.

Senator GLENN. The DOD manpower requirements report for fiscal 1991?

General ONO. Yes, sir. And the requirements are always higher than what is authorized. We are hoping to stay with the authorized because when you have a captain who is commanding a company and he or she is authorized 200, 250 soldiers and they are short of soldiers, there is no way in which you can explain to them why they are operating at 60 percent strength.

So, one of the things that I personally am doing is to be sure that as we reduce the faces, the number of soldiers that we have in the Army that the structure is reduced simultaneous with that. Unless that happens in total synchronization and in tandem we have this hollowness effect. So far we are doing okay, and we hope that we will be able to continue this because those are difficult decisions. The structure must come out along with the soldiers, and it has to be done at the same pace and at the same time.

Senator GLENN. Just to point out the other services, there are some similar disconnects between force structure and manpower in the other services, too. Program manning in the Navy, a figure we have is 91 percent. In the Marine Corps it is 88. In the Air Force it is over 90.

Mr. Jehn, were you aware of those imbalances and are you working on these?

Mr. JEHN. I was not aware of the imbalances because I have not taken a long, detailed look at that report. That report was, as you know, largely assembled before I arrived, but I will certainly go back and look at them. You have piqued my curiosity.

Admiral BOORDA. Senator, the Navy is, in fact, manned at 91.5 percent, and that is the desired number. The other 8.5 percent is in the Reserves, and we try to man our ships at 91.5 percent of the wartime requirement, so that would be complete manning for us in a peacetime environment.

Senator GLENN. I wanted to ask one other question, Mr. Jehn, on the CHAMPUS shortfall. This information came to the attention of the committee just this morning. For the rest of fiscal 1990 the shortfall figure in CHAMPUS of the total figure is $667 million—$667 million. What is going to happen to that now? Are we going to have to try and get a reprogramming on that?

Mr. JEHN. I am not prepared to answer that question at this time, sir. Those numbers are news to me, but we will try to get back to you with an answer on what the effect of the CHAMPUS shortfall is going to be.

Senator GLENN. We will give you a copy of that to give us an answer.

Mr. JEHN. I would appreciate that.

[The information follows:]

FISCAL YEAR 1990 CHAMPUS SHORTFALL

The CHAMPUS shortfall of $667 million is the result of an unrealized savings of $126 million added to the previous estimate of $541 million. The unrealized savings resulted from the failed recapture by Navy treatment facilities of CAMPUS beneficiaries. The Department will propose reprogramming actions to correct this shortfall. The proposals will be sent to the committee in April 1990.

Senator GLENN. I mentioned a moment ago we might have to do some reprogramming here. I hope we do not get into a whole series of reprogrammings. We went through that rather thoroughly at our last hearing. I was a little bit surprised, I guess, to see some of the reports coming out now that tend to imply that we are still the problem over here on reprogramming with regard to the things we went through at the last meeting.

The reality is that I think this subcommittee with the things that we passed along to our parent committee, the full Armed Services Committee, we now have voted 85 percent of that. I personally advocated 90 percent because you said you could do that. There were indications at the Pentagon you could do that with no problem at all. The committee decided that 85 percent was the appropriate level, and that was what was passed.

But I guess I am a little surprised to find that we were still being blamed, to some extent, for what happened with that; because this committee bailed you out on that one by the fact that DOD did not even recommend to the President that our people be exempted.

General Hickey, in your letter to me you quoted that our people read the newspapers and are very well informed. When they perceive that some of your colleagues are more concerned with taking care of the people in Eastern Europe, Nicaragua and Panama than our own in the military, they will leave us.

I would submit that should not be addressed to this committee. It should be addressed to the Secretary of Defense's office.

This committee is the one that bailed you out. We are trying, doing our level best, and the people, the ones that let the military down were the ones that did not make that recommendation for exemption to begin with.

So I was a little bit surprised with the reference to Eastern Europe, Nicaragua and Panama.

On March 13 President Bush proposed the creation of a fund totaling $800 million using funds from the defense budget to aid Nicaragua and Panama.

General HICKEY. Yes, sir. I would only point out, Mr. Chairman, that that letter I did write, I sent to each of the committee chairmen. It was sent before any of you voted to support reprogramming. It was, in fact, a plea for your support, which we are very thankful for.

Senator GLENN. Well, okay. I wanted to set the record straight on this because that was a particularly vexing situation as we all know from our last meeting, and we just do not want that to be repeated. We want as many of these things that should be in the budget to be in the budget and not be put off depending on us to put it back in to bail somebody out because of a budgetary problem. We are beginning to have enough difficulty with getting some honesty in budgeting without adding to it on our reprogramming.

Gentlemen, we have had a rather thorough discussion this morning on these officer reduction proposals, and this will be very helpful to us in deciding what we go along with. I am sure we will have many phone calls back and forth and maybe a request for addition information before we see what we go with.

We are operating, as we have said several times over, in a very difficult time. The personnel machinery the services have been operating under is geared toward maintaining a force in steady state or one that is increasing. We are now in a declining strength mode.

Nonetheless the recruiting machinery, as Senator Exon said, has its own momentum, and it will not slow down of its own accord.

The education and training machinery has its own momentum and will not slow down of its own accord. The promotion and career development has its own momentum and will not slow down of its own accord.

So what we have here is a situation that we are going to have very forceful and strong leadership. We are going to have very close cooperation back and forth, and we cannot use the "not on my watch" approach that merely kicks the can down the road for somebody else to pick up, decisions we put off now are just going to get magnified on down the road a year or two or five.

So we look to you to moderate the machinery and be there to work with us on this.

We all have our work cut out for us. We know that, and we will work with you to help you take actions that balance the needs of the services as an institution against the needs of our men and women in uniform as individuals.

The bottom line, as I keep pointing out, is combat capability even though we are cutting down, and things are in somewhat of a turmoil. The only reason we have a military is because it is supposed to have combat capability, and that has to be maintained while we do these reductions, and that is going to be tough to do. So thank you all for being here this morning. We hope that if there are additional questions submitted you will respond to them so we can include them as part of the record.

General Ono, yes?

General ONO. Sir, it was in my statement, and I know that it was not mentioned in the questioning, and I just wanted to emphasize the crucial nature of timing because if we are going to have to take these actions in fiscal year 1991, we will have to have these officers off the roll before the year ends.

What we have asked for is that it be done before the authorization bill. I know it is a difficult thing that we are asking for, but we need it for the sake of our soldiers and their families and whatever consideration you can give in regard to that request would be helpful.

Senator GLENN. I understand that. How about the rest of you? Is this as critical in each one of the services as it is in the Army? I know the Army has the biggest problem right now. What happens if this is not acted on immediately? I cannot guarantee we can get this through immediately and ahead of the authorization bill. I would hope that we could if you need whatever parts of this we decide that we go with.

Are the rest of you affected the same way; that this would be a disaster if this was not passed prior to the authorization bill?

Admiral BOORDA. No, sir. This is not a 1990 issue for the Navy.

General HICKEY. No, sir. Our concern is to support the Army.

General SMITH. I respond the same as General Hickey, sir. We want to support the Army on this. It is—ultimately these things could impact upon all of us, and I am concerned about what is out in the future and what signal we are sending. I know you are, sir.

Senator GLENN. I am indeed and how the Army takes care of this may set the course. All the rest of you are going to deal with it later on if things continue as we see them going in Europe and around the world. Thank you all very much for being here.

The subcommittee will stand in recess subject tc the call of the Chair.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

FORCE REDUCTION MANAGEMENT AUTHORITY

Senator GLENN. General Ono, Admiral Boorda, General Hickey and General Smith; it would be helpful to the subcommittee to have your projection of manpower strength levels over the next 5 years. Would you provide for the record this information using the attached format? The format is consistent with the information layout you provided for fiscal year 1991 in the budget justification books.

General Ono, Admiral Boorda, General Hickey and General Smith: The information is attached in the format requested. The strengths reported are from the FYDP supporting the fiscal year 1991 President's budget. Additional reductions in fiscal years 1992-1997 are being evaluated that will substantially reduce these strengths. Once final end strength decisions are made, amplifying information will be provided.

MILITARY STRENGTH PROJECTIONS (ACTIVE FORCE)

ARMY

OFFICERS	FY1991	FY1992	FY1993	FY1994	FY1995	FY1996
BEGINNING STRENGTH	104,277	102,581	101,946	101,335	101,255	101,219
GAINS (BY SOURCE)						
SERVICE ACADEMIES	1,007	TBD	TBD	TBD	TBD	TBD
ROTC	3,377	TBD	TBD	TBD	TBD	TBD
OFFICER CANDIDATE SCHOOL	320	TBD	TBD	TBD	TBD	TBD
VOLUNTARY ACTIVE DUTY	80	TBD	TBD	TBD	TBD	TBD
DIRECT APPOINTMENTS	1,573	TBD	TBD	TBD	TBD	TBD
WARRANT OFFICER PROGRAMS	1,240	TBD	TBD	TBD	TBD	TBD
OTHER	0	TBD	TBD	TBD	TBD	TBD
TOTAL GAINS	7,597	TBD	TBD	TBD	TBD	TBD
LOSSES (BY TYPE)						
EXPIRATION OF CONTRACT	1,586	TBD	TBD	TBD	TBD	TBD
RETIREMENT	3,458	TBD	TBD	TBD	TBD	TBD
DISABILITY	(216)	TBD	TBD	TBD	TBD	TBD
NON-DISABILITY	(3,242)	TBD	TBD	TBD	TBD	TBD
INVOLUNTARY SEP OF RESERVE	1,581	TBD	TBD	TBD	TBD	TBD
INVOLUNTARY SEP OF REGULAR	657	TBD	TBD	TBD	TBD	TBD
ATTRITION	1,764	TBD	TBD	TBD	TBD	TBD
OTHER	247	TBD	TBD	TBD	TBD	TBD
TOTAL LOSSES	9,293	TBD	TBD	TBD	TBD	TBD
ENDING STRENGTH	102,581	101,946	101,335	101,255	101,219	101,219
CADETS						
BEGINNING STRENGTH	4,550	4,550	4,550	4,550	4,550	4,550
GAINS						
ENTERING CADETS	1,374	TBD	TBD	TBD	TBD	TBD
LOSSES						
ATTRITION	371	TBD	TBD	TBD	TBD	TBD
GRADUATES	1,003	TBD	TBD	TBD	TBD	TBD
ENDING STRENGTH	4,550	4,550	4,550	4,550	4,550	4,550

** SEE NOTE ON NEXT PAGE **

ARMY

ENLISTED	**FY1991**	**FY1992**	**FY1993**	**FY1994**	**FY1995**	**FY1996**
BEGINNING STRENGTH	635,342	620,369	618,104	615,915	615,395	615,231
GAINS (BY SOURCE)						
NON-PRIOR SERVICE ENLISTMENTS	93,118	TBD	TBD	TBD	TBD	TBD
MALE	(79,370)	TBD	TBD	TBD	TBD	TBD
FEMALE	(13,748)	TBD	TBD	TBD	TBD	TBD
PRIOR SERVICE ENLISTMENTS	3,000	TBD	TBD	TBD	TBD	TBD
REENLISTMENTS	85,450	TBD	TBD	TBD	TBD	TBD
RESERVE COMPONENTS	360	TBD	TBD	TBD	TBD	TBD
RETURNED TO MILITARY CONTROL	3,833	TBD	TBD	TBD	TBD	TBD
OTHER	0	TBD	TBD	TBD	TBD	TBD
GAIN ADJUSTMENT	0	TBD	TBD	TBD	TBD	TBD
TOTAL GAINS	185,761	TBD	TBD	TBD	TBD	TBD
LOSSES (BY TYPE)						
DRAFTEES AND REG ARMY						
ESTIMATED TERMINATION OF SERVICE	48,225	TBD	TBD	TBD	TBD	TBD
NORMAL EARLY RELEASE	0	TBD	TBD	TBD	TBD	TBD
PROGRAMMED EARLY RELEASE	0	TBD	TBD	TBD	TBD	TBD
TO COMMISSIONED OFFICER AND WARRANT OFFICER	2,090	TBD	TBD	TBD	TBD	TBD
REENLISTMENT	85,450	TBD	TBD	TBD	TBD	TBD
RETIREMENT	8,606	TBD	TBD	TBD	TBD	TBD
DROPPED FROM ROLLS	5,398	TBD	TBD	TBD	TBD	TBD
ATTRITION ADVERSE CAUSES	25,178	TBD	TBD	TBD	TBD	TBD
OTHER ATTRITION	25,427	TBD	TBD	TBD	TBD	TBD
RESERVE COMPONENTS	360	TBD	TBD	TBD	TBD	TBD
TOTAL LOSSES	200,734	TBD	TBD	TBD	TBD	TBD
ENDING STRENGTH	620,369	618,104	615,915	615,395	615,231	615,231
TOTAL ENDSTRENGTH	727,500	724,600	721,800	721,200	721,000	721,000

NOTE: Strengths reported above are from the FYDP supporting the FY1991 President's Budget. Additional reductions in FY92-97 are being evaluated which will substantially reduce the above strengths (by over 100,000). Once final end strength decisions are made, information will be provided in the FY92-97 POM.

MILITARY STRENGTH PROJECTIONS (ACTIVE FORCE)

ENLISTED

NAVY	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
BEGINNING STRENGTH					
	513233	508026	503166	499340	500013
GAINS					
NON-PRIOR SERVICE ENLISTMENTS	77844	77320	74043	78641	77154
MALE	(69215)	(69891)	(66928)	(71688)	(70201)
FEMALE	(8629)	(7429)	(7115)	(6953)	(6953)
PRIOR SERVICE ENLISTMENTS	1935	2209	2080	2061	2061
REENLISTMENTS	51123	51634	51107	51061	51061
RESERVES (USNR PRIOR SVC)	0	0	0	0	0
RESERVE (ACT MARINER)	5300	5300	5300	5300	5300
OFFICER CANDIDATE PROGRAMS	1958	1817	1809	2071	2071
RETURNED FROM DROPPED FROM ROLLS	5059	5106	5098	5029	5029
OTHER	0	0	0	0	0
GAIN ADJUSTMENTS	0	0	0	0	0
TOTAL GAINS	143219	143386	139437	144163	142676
LOSSES					
LOSSES					
ETS	35630	35890	36534	36580	35799
NORMAL EARLY RELEASE	0	0	0	0	0
TO COMMISSIONED OFFICERS	1522	1150	1598	1915	1915
TO WARRANT OFFICERS	460	448	414	282	282
REENLISTMENT	51123	51634	51107	51061	51061
RETIREMENT	6403	7430	7755	7799	7838
DROPPED FROM ROLLS (DESERTERS)	4000	3788	3723	3523	3523
ATTRITION (ADVERSE CAUSES)	21227	20502	20433	20473	20473
ATTRITION (OTHER)	19375	18903	18136	18294	18222
RESERVE COMPONENTS	8686	8501	3563	3563	3563
LOSS ADJUSTMENTS	0	0	0	0	0
TOTAL LOSSES	148426	148246	143263	143490	142676
ENDING STRENGTH					
	508026	503166	499340	500013	500013

NOTE: THESE NUMBERS ARE SOURCED FROM THE PRESIDENTIAL BUDGET SUBMISSION OF DECEMBER 1989.

MILITARY STRENGTH PROJECTIONS (ACTIVE FORCE)

	OFFICERS				
NAVY	FY-91	FY-92	FY-93	FY-94	FY-95
BEGINNING STRENGTH	72493	71999	71859	71785	71812
GAINS:					
NAVAL ACADEMY	957	1003	1030	1055	1055
RESERVE OFFICER'S TRAINING CORPS	1587	1500	1500	1550	1550
SENIOR RESERVE OFFICER'S TRAINING CORP	1396	1300	1300	1350	1350
SCHOLARSHIP	191	200	200	200	200
HEALTH PROFESSIONS SCHOLARSHIPS	363	452	451	466	466
RESERVE OFFICER CANDIDATES	0	0	0	0	0
OTHER ENLISTED COMMISSIONING PROGRAMS	1595	1428	1668	1985	1985
VOLUNTARY ACTIVE DUTY	1406	1415	1392	1429	1429
DIRECT APPOINTMENTS	1057	871	673	640	640
WARRANT OFFICER PROGRAMS	460	448	414	282	282
OTHER	85	89	109	114	114
GAIN ADJUSTMENTS	0	0	0	0	0
TOTAL GAINS	7510	7206	7237	7521	7521
LOSSES:					
EXPIRATION OF CONTRACT/OBLIGATION	715	637	614	626	626
NORMAL EARLY RELEASE	179	160	154	157	157
RETIREMENT	2287	2081	2035	2133	2133
DISABILITY	120	120	120	120	120
NON-DISABILITY	2167	1961	1915	2013	2013
INVOLUNTARY SEPARATION - RESERVE OFFICER	279	176	273	286	286
INVOLUNTARY SEPARATION - REGULAR OFFICER	307	258	320	314	314
REDUCTION-IN-FORCE					
ATTRITION	4156	3874	3770	3820	3820
OTHER	81	160	145	158	185
LOSS ADJUSTMENT	0	0	0	0	0
TOTAL LOSSES	8004	7346	7311	7494	7521
ENDING STRENGTHS	71999	71859	71785	71812	71812

GAINS AND LOSSES BY SOURCE AND TYPE

CADETS/MIDSHIPMEN

NAVY	FY-91	FY-92	FY-93	FY-94	FY-95
GAINS	1500	1516	1551	1564	1565
ENTERING NAVAL AVIATION CADETS	100	100	100	100	101
ENTERING MIDSHIPMEN	1400	1416	1451	1464	1464
LOSSES					
NAVAL AVIATION CADETS	100	100	100	100	101
ATTRITION	32	30	30	30	31
GRADUATES	68	70	70	70	70
MIDSHIPMEN	1300	1416	1451	1464	1464
ATTRITION	245	239	246	234	284
GRADUATES	1055	1177	1205	1230	1180

MILITARY STRENGTH PROJECTIONS (ACTIVE FORCE)—MARINE CORPS

	FY1991	FY1992	FY1993
Beginning Strengths			
Officer	20,063	20,039	20,020
Enlisted	176,672	176,461	176,380
Total	196,735	196,500	196,400
Gains (by source):			
Nonprior Service			
Officer	1,725	1,730	1,742
Enlisted	35,273	37,172	34,666
Male	(33,172)	(35,072)	(32,566)
Female	(2,100)	(2,100)	(2,100)
Prior Service			
Enlisted	720	720	720
OCC	322	322	322
Other	84	84	84
Losses (by type):			
Officer	1,749	1,749	1,749
Enlisted	36,610	38,379	35,885
OCC	(510)	(510)	(510)
Deserters	(1,794)	(1,794)	(1,794)
Other	(34,306)	(36,075)	(33,581)
Ending Strengths:			
Officer	20,039	20,020	20,013
Enlisted	176,461	176,380	176,287
Total	196,500	196,400	196,300

MILITARY STRENGTH PROJECTION (ACTIVE FORCE)

Marine Corps

	FY1994	FY1995	FY1996
Beginning Strengths			
Officer	20,013	20,013	20,013
Enlisted	176,287	176,287	176,287
Total	196,300	196,300	196,300
Gains (by source):			
Nonprior Service			
Officer	1,754	1,754	1,754
Enlisted	34,803	34,803	34,803
Male	(32,703)	(32,703)	(32,703)
Female	(2,100)	(2,100)	(2,100)
Prior Service			
Enlisted	720	720	720
OCC	322	322	322
Other	84	84	84
Losses (by type):			
Officer	1,754	1,754	1,754
Enlisted	35,929	35,929	35,929
OCC	(510)	(510)	(510)
Deserters	(1,794)	(1,794)	(1,794)
Other	(33,625)	(33,625)	(33,625)
Ending Strengths:			
Officer	20,013	20,013	20,013
Enlisted	176,287	176,287	176,287
Total	196,300	196,300	196,300

Program data for FY 1992 to 1996 is not yet completed.

Air Force

MILITARY STRENGTH PROJECTIONS (ACTIVE FORCE) (FY 1991)

	ENLISTED	CADET	OFFICER	
Beginning Strengths	440,293	4,417		100,290
Gains (by source):				
Non Prior Service Enlistements	36,000		Service Academies	942
Male	26,640		ROTC 2/	2,867
Female	9,360		Scholarship	1,246
Prior Service Enlistments	350		Non Scholarship	1,621
Reenlistments	59,609		Health Prof. Scholar.	343
Reserves	100		OTS	1,000
Officer Candidate Programs	1,200		(AECP Included)	66
Returned From Dropped From The Rolls	0		Line Recall 3/	50
Other	250		Direct Appointments 4/	1,612
Gain Adjustments	0		Gain Adjustments	0
TOTAL GAINS	97,509	1,453		6,814
Losses (by type)				
ETS	18,427		Expiration of Contract/ Obligation	3,497
Normal Early Release	3,000		Retirement	3,579
Programmed Early Release	0		Disability	150
To Commissioned Officer	1,000		Nondisabiltiy	3,429
Reenlistments	59,609		Invol. Separation of Reserve Officer	326
Retirement	11,191		Invol. Separation of Regular Officer	313
Deserters	50		Reduction in Force	0
Attrition	17,696	492	Attrition	635
Other	0		Loss Adjustment	0
Loss Adjustments	0			
Graduates	0	961		
TOTAL LOSSES	110,973	1,453		8,350
ENDING STRENGTHS	426,829	4,417		98,754

NOTES: 1/Includes Accessions Only; 2/Includes ROTC Line, JAG, & Med. Officers; 3/Line Recall Only; 4/Includes All Chaplains, & all JAG & Medical Officers Not Accessed Through ROTC & HPSP Program

FORCE REDUCTION MANAGEMENT AUTHORITY

Senator **Glenn**. Mr. Jehn, you have included a new category in your proposed legislation for forced retirement. These are officers below the O-6 grade who are within 2 years of qualifying for voluntary retirement.

What is your rationale for including this category for forced retirement?

Mr. **Jehn**. This provision improves loss management by allowing Secretaries to select officers in the grades of O-5 and below for retirement at their earliest retirement eligibility date (normally 20 years of service). It is restricted to officers within 2 years of retirement eligibility, limited to 30 percent of those considered, and excludes officers on a promotion list.

While not realizing any reductions in the execution year, this provision improves our future plans by identifying reductions 1-2 years in advance. It also gives the individual more time to plan and transition to a new career.

Senator **Glenn**. Mr. Jehn, you also want authority for the Secretaries of the military departments to waive the 5 year reconsideration provision in current law that prohibits reconsideration for forced retirement within 5 years.

Won't this authority break faith with those who have met and survived a selective early retirement board?

Mr. **Jehn**. Some situations dictate that major reductions be made in any large organization regardless of the impact on individuals. We are now in that environment. The future needs of the services, the Department, and the country require this action. Using sound management plans, we will continue to maximize readiness and minimize the personnel turbulence, but we cannot totally eliminate the adverse impacts if we are to operate and maintain a much smaller force in the next few years. This is particularly true if reductions are escalated rapidly.

The Army is currently constrained by the pool of officers eligible for reductions. Previous selective early retirement boards have fallen short of meeting the decreased number of field grade officers authorized by the lower strengths in the DOPMA grade tables. Each provision of the proposed legislation is designed to access a separate piece of the force thus enabling a more balanced approach to the reductions. While this particular provision would have a low priority for use, it provides the added flexibility necessary to react in the dynamic environment facing the Department over the next several years.

Senator **Glenn**. Mr. Jehn, there is an obvious distinction between Regular and Reserve officers. When an officer is selected to be a Regular, he or she augments into a "career status." Tenure is a benefit of becoming a Regular officer.

What incentive would there be to become a Regular officer if tenure protections are abrogated during strength reductions?

Mr. **Jehn**. I share your concern about the loss of tenure protections during strength reductions. In retrospect, we have learned some lessons on our Regular officer integration process and are reviewing our policies to avoid this situation in the future. Nevertheless, the Army's situation is severe enough to warrant such action even with maximum use of the other legislative proposals. The rationale centers on the overstrength year groups at the 6-14 years of service points. Most of these officers are Regulars. Additionally, previous Reserve company grade reductions have disrupted the Regular/Reserve skill balance, impacting heavily on the Army's support infrastructure, which is largely composed of reserves with a large proportion of minorities and women. Consequently, we must impact the "career status" of some Regular officers to rectify the current situation. We will, however, try to minimize the adverse impact and avoid the need for this action in the future.

Questions Submitted by Senator John McCain

FORCE REDUCTION MANAGEMENT AUTHORITY

Senator **McCain**. It seems apparent that additional authorities are needed to effectively drawdown the officer force, but it is not clear why they are needed prior to enactment of the fiscal year 1991 Authorization Act. Please explain the immediate need for this legislation.

Mr. **Jehn**. Enactment of this legislation is necessary prior to the fiscal year 1991 Authorization Act to allow sufficient time for personnel managers to develop, announce, and implement fiscal year 1991 reduction programs that realize strength reductions in a timely manner, maintain force readiness, and minimize the impact on members and their families. Further, we can reduce the number of involuntary separations required by implementing voluntary programs as soon as possible.

By statute, involuntary separation/retirement programs require board action and officers must be given 7 months from board approval to separate or retire. Coupled with the lead time to develop and announce these programs, approximately 11 months is required to execute these programs. Therefore, to enable losses early in the year with a well managed drawdown throughout the year, involuntary reduction programs must be initiated in the year prior.

We would also like to implement and assess voluntary programs as soon as possible to minimize the involuntary measures required in fiscal year 1991. This approach will require additional lead time to afford officers adequate time to assess their options and arrive at a decision, while ensuring that requests are considered in light of service requirements—by grade, competitive category, and skill.

Senator McCain. During your testimony, you discussed the relative priority of the various provisions. Would you please rank order for the record these provisions indicating which are the most important and why?

Mr. Jehn. I must stress that it is misleading to rank order each provision in terms of importance without considering a specific situation. The importance of each provision is dependent on existing problems and the future force structure. The proposal should be considered in its entirety. Each provision is a small piece of the management package that enables a more balanced restructuring of the officer corps by expanding the year groups of officers eligible for both voluntary and involuntary reductions.

Given the current Army situation, I would have to say that section 2, the expanded early retirement provision, and section 5, the Army Regular officer RIF authority, are the most important because these provisions create the largest pool of officers eligible for reductions over a large spectrum of experience levels. The other provisions, however, are also important since they will offset the magnitude of the more severe measures.

I previously indicated that the Department would place a higher priority on maximizing use of the voluntary measures (Sections 3, 4, and 6 of the bill) before resorting to the involuntary measures (Sections 2, 5, and 1 of the bill). In this testimony, I was referring to the priority in which the Department would use these provisions. How many of the provisions would be used is dependent on the situation within a given service. Currently, the situation in the Army dictates that, except for the continuation curtailment provision (section 1), all would be used.

Senator McCain. If DOD expects to use the proposed legislation only in the Army, why request it for all of DOD?

Mr. Jehn. While only the Army clearly needs the proposed legislation in fiscal year 1990 and fiscal year 1991 under the current budget proposal, the future size of the active military forces is still under debate. Thus, the other services may require this legislation in fiscal year 1992, or even fiscal year 1991. Further, the voluntary measures in the legislation will benefit all services and will assist in avoiding situations similar to the Army's.

[Whereupon, at 11:50 a.m., the subcommittee adjourned, subject to the call of the Chair.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

WEDNESDAY, APRIL 4, 1990

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

OFFICER PROCUREMENT PROGRAMS OF THE MILITARY SERVICES AND THE MANAGEMENT AND OPERATIONS AT THE MILITARY SERVICE ACADEMIES

The subcommittee met, pursuant to notice, at 9:35 a.m., in room SD-628, Dirksen Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Exon, McCain and Lott.

Committee staff members present: Arnold L. Punaro, staff director; and Lucia M. Chavez, security control officer.

Professional staff member present: Frederick F.Y. Pang.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; and George K. Johnson, Jr., professional staff member.

Staff assistant present: Debra A. Rice.

Committee members' assistants present: Milton D. Beach, assistant to Senator Glenn; Andrew W. Johnson, assistant to Senator Exon; Leon S. Fuerth, assistant to Senator Gore; Melvin G. Dubee, assistant to Senator Byrd; Anthony H. Cordesman, assistant to Senator McCain; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The hearing will be in order.

The Subcommittee on Manpower and Personnel of the Committee on the Armed Services meets this morning to review the Officer Procurement Programs of the military services and the management and operations at the military service academies.

The subcommittee's review of this matter at this time is particularly timely. As I pointed out in our last two hearings, the strength levels of the military services are almost certain to be reduced substantially over the next few years as the spending for defense is reduced. This means that the officer corps will be reduced, and that, in turn, means that the demand for new inputs into the officer corps will be reduced.

At the same time we have officer production programs that are concentrated mostly in the long lead time sources such as the military academies and ROTC. By long lead time, I mean that these programs take in prospective officers up to 4 years before they go into the service. So the current production of officers is based on officer demand that was forecast 4 or 5 years ago.

We know that current demand for new officers is less than was forecast 4 or 5 years ago, so we have a lag in the officer procurement machinery that needs to be regulated and that is very difficult to do.

In addressing the officer procurement machinery, it is important that the military services critically evaluate the mix of their officer production by source to ensure balance in terms of representation and efficiency to meet a substantially reduced demand. We will be hearing from our witnesses this morning about what is being done in this area.

We will also review the management and operation of the military service academies. These institutions have always had a key role in producing career officers for our military services, and I believe we need these institutions and the officers that they produce. My interest is in the effectiveness and efficiency of these institutions in accomplishing their mission and not, as someone suggested, to close them down or reduce their output or reduce their role as the bedrock source of our military officers.

I would add that I am probably as big a booster as there is on Capitol Hill of our service academies. In fact, one of the reasons for having this hearing is to find out how we can increase the number of people that go through the academies and still stay in the service. I want to increase that because I think that would be good. I do not want to decrease it.

So let me say again, I do not have a hidden agenda, as has been suggested, to close down the military service academies or in any way diminish their role as the bedrock source of our military officers. That is not the purpose of this hearing. Neither is the purpose to resurrect our proposal of last year for an 8-year commitment after graduation. It is at 6 now, and we are not reintroducing the 8. We want to see how this works, and so that should not factor into the equation this year.

The purpose of this hearing with regard to the military service academies is to exercise the oversight responsibility of the Armed Services Committee over these institutions. The last time this was done in any degree of depth was back in the 1975 to 1978 time frame, 12 to 15 years ago. My interest, as I have said time and again, the bottom line of everything we do with military is the combat capability of our forces. Of course, officer leadership is crucial to combat capability. So that is where I am coming from on this issue.

I think the bottom line question as we move through the drawdown of the officer corps over the next few years is can we be more efficient and effective in producing and retaining the kind of officer leadership we need in the future from the military service academies, especially in a period of constrained resources. I think that is a fair question.

For example, one of the issues with which we dealt during our deliberations on the defense budget last year was the retention of our military service academy graduates. I was disturbed then and still am about the declining trend in the ratio of graduates who choose a career in the military, especially in light of the substantial investment that the American taxpayer makes for the production of officers from this source.

We are retaining, right now only about 44 percent of the graduates on the average from all of our academies for career purposes. That is measured out of those still in service at the 15-year point.

Our academy graduates comprise about 14 percent of our total officer corps. Can we do better than that? I do not know. I would hope that we could. I would like to see that doubled, quite frankly. I would like to see 25 or 28 percent of our officer corps be those who come from the academies. That is just my own personal view. Maybe the services would not like that kind of a mix. I do not know.

I remain particularly concerned about the attitude among many of the academy cadets and midshipmen. Their view on their time of service is, to put it in their words, "five and dive" or "five and fly"; in other words, get the commitment done as fast as possible, get your education and get out, and that is it.

The military service academies should take in and produce individuals who are oriented to a military career as much as possible. I agree completely that we want to take in the best and the brightest, but the best and the brightest out of service are not providing the combat leadership we need. So if this is not so, I would like to know why.

That is one of a number of issues which we will get into today that relates back to the bottom line of combat capability.

In preparation for this hearing, I asked the Congressional Budget Office and the General Accounting Office to do some work for the subcommittee. The GAO was to look into the academies, per se, and CBO was to look clear across the board at all officer procurement programs so we would have an oversight over those. I tasked CBO to review the officer procurement programs to include an appraisal of the annual demand for officer accessions in each of the military services and the relationship of demand to the various officer procurement programs of the military services; to appraise the cost comparisons among the various officer procurement programs; to appraise the return on investment in terms of service obligations, Active and Reserve, for the various officer procurement programs; to appraise the retention and performance trends for officers produced by the various procurement sources; to appraise the management oversight and structure governing the various officer procurement programs; and to appraise the implications on the mix of officer procurement programs of potential reductions in officer force strengths that could result from future conventional force reduction negotiations.

On a more targeted basis, I asked GAO to evaluate the management and operations at the military service academies in terms of the staffing patterns at these institutions, including the military-civilian mix, the organizational structure and the academic requirements of the staff; the financial operations of the service academies, including cost trends over the last 10 years—and there are major differences from one academy to another which we will have to explore. I do not know what the reasons for some of these major differences in cost are; the effectiveness of academic and military programs at these institutions; the effectiveness of overall program oversight, including the role of the board of visitors; and the assignment, performance and retention of service academy graduates.

I want to note that it has been some time since the subcommittee has reviewed the officer procurement programs of the military services in any degree of depth, so I think our current effort is timely.

The hearing this morning will be in two parts. We will hear reports from the CBO and GAO in our first panel and then turn to hear from DOD witnesses in the second panel. I have asked the CBO and GAO witnesses to remain for the entire hearing in case there are questions which we need to address to them as we hear from our DOD witnesses.

Also, I wanted our DOD witnesses to be as prepared as possible to address the briefings that the CBO and GAO are giving to us this morning, and so I asked CBO and GAO representatives to meet with DOD ahead of time to go over the material that they will present this morning. We are not trying to blindside anybody. We want to work together on this so that we make the best system we possibly can have. Those meetings occurred last week.

At this time I would like to welcome our witnesses. In our first panel, we have from the Congressional Budget Office Mr. Robert F. Hale, Assistant Director, National Security Division; from the General Accounting Office we have Mr. Paul L. Jones, Director of Manpower Issues, National Security and International Affairs Division.

For our second DOD panel we have Hon. Christopher Jehn, Assistant Secretary of Defense for Force Management and Personnel; G. Kim Wincup, Assistant Secretary of the Army, Manpower and Reserve Affairs; Hon. Barbara Spyridon Pope, Assistant Secretary of the Navy for Manpower and Reserve Affairs; Hon. Jerome G. Cooper, Assistant Secretary of the Air Force, Manpower, Reserve Affairs, Installations and Logistics.

From the military service academies, from West Point, Lt. Gen. Dave Palmer; from the Air Force Academy, Lt. Charles R. Hamm: and from the Naval Academy, Rear Adm. Virgil Hill, Superintendent.

Before we proceed to our first panel I want to ask Senator McCain, the ranking minority member of this subcommittee, if he has any opening remarks.

I would like to note before Senator McCain speaks that he is a 1958 graduate of the U.S. Naval Academy and currently serves on the Board of Visitors of the Naval Academy, so he is particularly up to date on these things. Senator McCain is a most valued member of this subcommittee. He has worked hard to provide for the welfare of our men and women in uniform and for their families. He has also insisted, as I have, that we direct the management of our personnel toward the combat efficiency of our forces. So we look forward to working with him on this issue as we have on many others.

Senator McCain. Thank you very much, Mr. Chairman. I think your opening statement is very comprehensive, and I have very little to add except to say that I think it is clearly appropriate, Mr. Chairman, that these hearings be held at this time. I do not have to insult anyone's intelligence by reminding them that the enormous changes that have taken place in the world that will be reflected in our manpower requirements in the years ahead are Draconian in nature, and I think it is entirely appropriate after all these years for this subcommittee, where it is our vested responsibility to examine the sources of procurement for officers in the military—and I want to emphasize again, it is our responsibility.

There seems to be some confusion about that, Mr. Chairman. It is our responsibility to investigate these areas. Neither Senator Glenn nor I particularly sought this assignment, but we intend to carry it out with zeal and dedication and in a conscientious fashion.

I think that the GAO report and the witness' testimony which I read before the hearing will provide a very fertile and important forum for us to further address these issues.

Mr. Chairman, I also would emphasize that I think there should be a variety of sources for officers in the military. We should foreclose none of them. I think history is replete with examples of outstanding leaders that have been provided to the military from a variety of sources.

Finally, might I say, Mr. Chairman, thank you for your hard work. There have been some misconceptions about the purpose of this hearing. I know of no one who is more dedicated to the men and women of the military than you, and I, for one, am very appreciative that you would devote your time and energy from many other responsibilities to engage heavily in this very important issue, which I think will increase in importance as we see the very difficult decisions being made that lie ahead of us.

Thank you very much, Mr. Chairman.

Senator Glenn. Thank you very much, John.

The Chairman of our committee, Senator Nunn, before he became the Chairman of our full committee was the chairman of this Subcommittee on Manpower. He asked that I not only include his statement in the record this morning but that I read it. It is a short statement, and I am glad to do that on his behalf.

This is a statement by Senator Sam Nunn. "The Subcommittee on Manpower and Personnel is addressing a very important issue this morning, the next generation of military officers to lead our Armed Forces. This hearing is timely because the officer corps of our military services will clearly become smaller as the force structure and related personnel strengths of our military services gets smaller.

"This means there will be less demand for new accessions into the officer corps. Each of the military services must adjust to this lower demand while continuing to provide high quality officers in the most efficient way possible.

"I am also interested in the subcommittee's review of the management and operation of our military service academies. I learned firsthand that the military service academies are generally resistant to this type of review.

"When I was chairman of the Subcommittee on Manpower and Personnel in 1976 we received information there were honor code problems at West Point. When the subcommittee probed the matter we ran into strong resistance from the administration at West Point and the Army. We were told over and over again that there were no problems. The military academy finally had to be pushed, kicking and screaming, into finally cleaning up what turned out to be the biggest cheating scandal in its history.

"I encountered similar problems over the years with the other academies in terms of their reluctance to admit and solve their own problems, so I know from experience that the academies tend to circle the wagons when there is oversight from the Congress and other outside sources.

"With regard to the subcommittee's current effort, I understand the General Accounting Office has found discrepancies in the accounting for operating costs at each of the academies. I also understand that the thrust of the mission of the academies may have been diluted either by change or by recruiting practice to deemphasize the objective of a career in the military.

"I hope that as the subcommittee probes these and other issues, it will not be hampered by a circle-the-wagons attitude by the service academies which we are beginning to see again. I intend to follow the subcommittee's proceedings very closely and look forward to its report."

That will be entered into the record.

[The prepared statement of Senator Sam Nunn follows:]

PREPARED STATEMENT BY SENATOR SAM NUNN

The Subcommittee on Manpower and Personnel is addressing a very important issue this morning—the next generation of military officers to lead our Armed Forces. This hearing is timely because the officer corps of our military services will clearly become smaller as the force structure and related personnel strengths of our military services get smaller. This means that there will be less demand for new accessions into the officer corps. Each of the military services must adjust to this lower demand while continuing to provide high quality officers in the most efficient way possible.

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So I know from experience that the academies tend to "circle the wagons" when there is oversight from the Congress and other outside sources. With regard to the subcommittee's current effort, I understand that the General Accounting Office (GAO) has found discrepancies in the accounting for operating costs at each of the academies. I also understand that the thrust of the mission of the academies may have been diluted either by change or by recruiting practice to deemphasize the objective of a career in the military.

I hope that as the subcommittee probes these and other issues that it will not be hampered by a "circle the wagons" attitude by the service academies which we are beginning to see again. I intend to follow the subcommittee's proceeding very closely and look forward to its report.

Senator GLENN. Thank you for being here this morning, gentlemen. Our witnesses have provided written statements which, without objection, we will include in the record.

At this time I would ask our CBO witness, Mr. Bob Hale, to brief us on the results of the CBO effort.

STATEMENT OF ROBERT F. HALE, ASSISTANT DIRECTOR, NATIONAL SECURITY DIVISION, CONGRESSIONAL BUDGET OFFICE

Mr. HALE. Thank you, Mr. Chairman. I am pleased to appear today to discuss CBO's analysis of the programs that the military services use to train commissioned officers. I would like to thank Marty Smith, Neil Singer, and Jonathan Ladinsky, who helped prepare this statement.

My testimony will be confined to the three principal training programs; that is, the service academies, the Reserve Officers Training Corps (ROTC), and Officer Candidates or Officer Training School (OCS and OTS). After briefly discussing service needs for new officers, I will address in turn the cost of graduates from the various commissioning sources and differences in performance of officers from these sources. I might add I would be glad to answer questions as we go along as well as any that you have afterward.

Let me turn first to a discussion of officer requirements and their effects on demand for new accessions. For the next several years, as you said, Mr. Chairman, the services are likely to face substantial force reductions, and those will almost certainly lead to reductions in the number of required officer accessions. If history is a guide, reductions in required accessions will result in disproportionately large cuts from OCS and OTS.

In recent years, OCS and OTS commissioners have declined sharply as a share of new officers, down from about 28 percent in 1980 to about 12 percent in 1989. These reductions in OCS and OTS officers have been offset by increases in shares from the academies and particularly from ROTC.

The trend toward a decline in commissioners from OCS and OTS may well continue especially because, as you said, it takes several years to affect the flow of people out of the academies and ROTC. The Congress may wish to assess the desired mix of officers from these various commissioning sources in view of the cost and performance of officers from those sources, and so let me turn first to costs. Table 2, which appears on page 6 of my prepared statement, shows the average cost in 1989 of graduates from the various commissioning sources, and you may want to refer to that table as I discuss our cost results.

An academy graduate costs the Department of Defense between $153,000 and $229,000 in 1989, depending on which academy he or she attends. The cost per commissioned under the ROTC scholarship program is much lower, ranging from $53,000 to $58,000 in the three services. OCS and OTS costs per commissioned are much lower still, ranging between $15,000 and $20,000 for all three services.

I think these sharp differences in costs among the commissioning sources are not surprising. ROTC graduates cost DOD less because

DOD pays, at most, all the tuition and fees for ROTC students rather than the full cost of a college education, which it does finance, of course, at the academies. The cost of ROTC graduates is also lower because many have attended schools that cost less to operate than the academies. The latter are highly selective schools, focusing on math, science and engineering education. Finally, at the service academies DOD incurs costs that it does not pay or pays only in part for ROTC graduates, including full pay for students, summer training, and a full complement of military instruction.

Of the three principal commissioning programs, OCS and OTS are by far the least costly, and again, the reasons are clear. DOD does not pay for any of the college education costs of an OCS or OTS graduate, and OCS/OTS programs are much shorter than other programs.

These average costs are appropriate for use in some comparisons and decisions but not in others, and I think this is the source of a good deal of emotion with regard to the cost debate.

The average costs are a reasonable guide to the effects on the DOD budget of large changes in the numbers of candidates in officer commissioning programs. So if you are considering a reduction of, say, one-third in the number of students in an officer commissioning program, the average cost that you see in table 2 of my prepared statement should be, I think, a reasonable guide to the cost changes you might expect in the DOD budget. Average cost however, would overstate the effects of small changes in numbers of students, particularly at the academies. The academies incur a substantial fixed cost to maintain their facilities and basic educational services, and that cost would not vary with small changes in numbers of students. To assess the effect of small changes, you would need estimates of marginal costs, which are not available from the data that we have at the moment.

Moreover the use of average costs also clearly overstates cost differences among commissioning sources if the desired measure is not cost to DOD but the total cost of producing a new military officer. I think the latter measure would be particularly relevant if you were trying to judge the efficiency of the academies compared with other educational institutions.

The average costs in my statement reflect all the costs of a college education for graduates of the academies but only part of those costs, or none in some cases, for ROTC and OCS/OTS. If the full costs of educating ROTC and OCS/OTS graduates were included, then the costs per graduate among the various commissioning sources would be a good deal closer together.

Let me come back to what I think is the issue at hand. If you are focusing on costs to DOD associated with large changes in numbers of students, then the academies are substantially more expensive; but are some or all of those sizable cost differences reflected in the performance of their graduates?

To answer this question, CBO looked first at the length of time that officers stay in the military and also at two measures that may indicate the quality of officers, promotion success and rates of involuntary separation. I will discuss our results on length of service first.

The data supplied by the services suggests that compared with officers from other commissioning sources, academy officers serve for modestly longer periods in the military. In the Army, for example, rates of continuation in 1989 suggest that academy officers will serve an average of 13.9 years on active duty. OCS graduates will serve 13 years, and graduates in ROTC programs, both scholarship and nonscholarship together, will serve an average of 12.3 years. So the average length of service for academy graduates will be greater by between 7 percent and 13 percent. Differences were similar using data from 1987 and 1988.

Senator GLENN. Could I ask just to clarify as we go through this? Are those times spent on actual Active duty, or was that just Reserve time total versus Active——

Mr. HALE. No, that is time spent on Active duty.

The extra time spent by academy graduates may, however, reflect more than just the source of commission. There are many factors that affect willingness to stay in the military: personal characteristics like race, sex, marital status as well as career factors such as military occupation.

To isolate the effect of source of commission, CBO used statistical techniques to adjust for differences in these personal and occupational factors. We applied these statistical techniques to officers entering in 1979, which was the earlier year for which we had the necessary detailed data.

Our results indicate that roughly a quarter of the increased length of service from academy graduation or associated with it stems from differences in these personal characteristics and career characteristics rather than from source of commission. If I could state that another way, after adjustment to isolate the effect of source of commission, academy graduates still stay longer in the military, but the extra length of service is somewhat less, perhaps by a quarter, than the simple averages suggest.

Promotion success is another measure of officer performance that we examined. Based on the experience of officers entering the military between 1979 and 1988, the years for which we had detailed data, academy graduates fared better than other graduates in terms of time between promotion from pay grade O–3 to pay grade O–4 the highest grade we had in that detailed data.

In both the Army and the Air Force, academy graduates were promoted, on average, about 7 months earlier. The differences were smaller in the Navy but still apparent. If you would like to see the details of these results, you can find them on page 15 of my prepared statement, in table 4.

The results in table 4 are based on statistical techniques that isolate the effect of source of commission, and so we believe that faster promotion times for academy graduates appear to be associated with their source of commission. CBO also received data from the Army that showed that among officers promoted in the typical manner ("due course" promotions) selection rates for all pay grades from O–2 to O–7 were higher for academy graduates than for officers from all other sources of commission combined. But these data did not permit us to compare academy graduates with those from ROTC and OCS nor to isolate the effects of source of commission; so we think they are somewhat less useful indicators.

Academy graduates also clearly fare better on another important measure of promotion success, selection to the rank of general or admiral. The academies have usually provided roughly a tenth or less of each year's new officers, but nearly one-third of the general officers in the Army and Air Force, and almost one-half of Navy admirals, were commissioned at the academies. If you would like to see the details of the data, you can find them in table 5, which is on page 18 of my prepared statement. ROTC and, to a lesser extent, OCS and OTS commissioners were well represented in these senior ranks, but academy graduates are clearly represented disproportionately.

There are several possible explanations for this disproportionate representation of academy graduates. The graduates may simply be better prepared for these senior ranks than are graduates of ROTC or OCS and OTS, but the disproportionate representation may also reflect earlier officer personnel policies that prohibited many Reserve officers from staying in past about 10 years of service unless they applied to become Regular officers and were accepted. Some observers would also argue that service decisions about promotions and careers may be influenced by academy graduates who may promote the careers of academy-trained officers.

The final measure of performance that we examined is involuntary separations, which occur either for failure to meet promotion standards or because of misconduct. Rates of involuntary separation are tabulated on page 20 of my prepared statement in table 6, and again they are based on officers entering from 1979 to 1988. The rates are reassuringly low for all groups of officers, but rates of involuntary separation do tend to be lower for ROTC graduates that for graduates of the academies or OCS/OTS. Indeed, rates of separation for misconduct among ROTC graduates are negligible in all three of the services.

Mr. Chairman, let me conclude by summarizing my key findings. The military services will almost surely face diminishing requirements for new commissioned officers in the next few years. In the face of that reduced demand, the services and the Congress will have to judge the appropriate mix of officers from the various sources. As you consider those difficult choices, you will want to assess both cost and performance.

Measured in terms of average cost to the Department of Defense, the service academies are clearly the most costly commissioning program. A new officer from the academy costs the Department three to four times as much as one from ROTC and eight to twelve times as much as one from the OCS or OTS programs. Costs to DOD are the appropriate measure in assessing how large changes in commissioning programs would affect the Department's budget, but other measures are more appropriate in judging the full cost of training a new officer.

As for performance, the data available to CBO do indicate that academy graduates remain in the military for longer periods and by some measures are promoted more rapidly or at higher rates. In most cases, however, these differences are not large and, moreover, some of the differences may reflect factors other than just source of commission.

Mr. Chairman, our analysis focused on quantifiable measures, and important qualitative differences may remain that are not captured by our measures. Among the relevant criteria that our measures might not fully capture are leadership skills, suitability for senior command, and intangible personal qualities. Justification for any commissioning source might be greater to the extent that it helps identify or inculcate these qualities.

Mr. Chairman, that concludes my oral statement. After Mr. Jones' statement I will be glad to answer any questions.

[The prepared statement of Mr. Hale follows:]

Statement of
Robert F. Hale
Assistant Director
National Security Division
Congressional Budget Office

Mr. Chairman, I am pleased to appear before your Subcommittee today to discuss the analysis by the Congressional Budget Office (CBO) of the different programs that the military services use to train commissioned officers. My testimony today will be confined to the services' three principal programs for training officers (other than specialists, such as medical and legal officers). The three programs are the service academies, the Reserve Officers Training Corps (ROTC), and officer candidate or officer training schools (OCS/OTS).

After presenting some background on commissioning programs for officers, my testimony will address three main issues:

- Service needs for new officers;
- Costs of various commissioning programs; and
- Measurable differences in the performance of officers from the commissioning programs.

BACKGROUND

Each of the military departments operates a service academy--the Army operates the Military Academy at West Point, the Navy the Naval Academy at Annapolis, and the Air Force the Air Force Academy at Colorado Springs. Together the three academies produced about 3,200 new officers in 1989. Cadets and midshipmen at the academies receive four years of college education and pay and allowances during their student period. In return, they agree to serve a minimum of five years (six years for future graduates) on active duty after graduation.

Each of the military services (Army, Navy, Air Force, and Marine Corps) operates both scholarship and nonscholarship ROTC programs. Nonscholarship programs generally provide participants with free tuition and books in their military science courses, paid summer training, and a minimal stipend for a period of two years. In most cases, scholarship programs offer a more complete payment that includes full tuition, books, and fees, plus a school-year stipend of $100 per month for a period of four years and paid summer training. (Most Air Force scholarships pay tuition only up to a maximum of $7,500 a year and the Army has also begun imposing limits.) In 1989, about 9,800 new officers entered from both types of ROTC programs.

The Army and Navy also operate officer candidate schools; the Air Force calls its school an officer training school. All of these schools accept enlisted personnel who wish to become officers, as well as civilians who have completed college and seek a commission. The programs last at most 16 weeks and provide basic military education for prospective officers. In 1989, about 3,300 new officers entered from OCS and OTS.

REQUIREMENTS FOR OFFICER ACCESSIONS

For the next several years, all of the military services are likely to face substantial force reductions, driven primarily by the perceived easing of East-West tensions but also by continuing pressure to reduce the federal budget deficit. Force reductions will almost surely result in a smaller officer corps. Indeed, the process of reducing the size of the commissioned officer corps has been under way for several years. This Committee initiated the process by mandating reductions in active-duty officer strength in fiscal years 1987, 1988, and 1989.

Reductions in the total number of commissioned officers, of course, will lead to cuts in the required number of officer accessions. CBO estimates suggest that the total number of officers entering the military in 1989 was roughly the number required to maintain today's size of the officer corps (see Table A-1 in the Appendix). This estimate is based on "steady state" calculations that assume that the willingness of officers to stay in service remains at its 1988 level. If willingness to stay does not change, then any cuts in the officer corps would result in proportional reductions in requirements for new officer accessions.

If history is a guide, reductions in required accessions will result in disproportionately large cuts in entrants from officer candidate and officer training schools. In recent years, such OCS/OTS commissionees have made up a generally declining share of new officers--reduced from 28 percent to about 12 percent for all the services since 1980 (see Table 1). The share of military academy graduates has increased slightly from 9 percent to about 12 percent, while ROTC programs have increased their share from 25 percent to about 37 percent. Direct appointments, warrant officer appointments, and miscellaneous appointments make up the remainder of officer accessions.

The trend toward a decline in commissionees from OCS/OTS is particularly likely to continue if total officer strength is reduced over the next few years. Cadets and midshipmen already enrolled or accepted in the academies will provide a continuing flow of officer accessions through 1994. Similarly, the number of new ROTC commissionees for the next two years is largely fixed by the number of young men and women currently in the last two years of their ROTC programs. The services could minimize reductions

TABLE 1. PERCENTAGE OF OFFICERS COMMISSIONED BY TRAINING PROGRAM

Calendar Year	Academies	ROTC	OCS/OTS
1980	9	25	28
1981	9	26	25
1982	9	30	20
1983	9	31	23
1984	11	36	19
1985	10	34	24
1986	11	31	23
1987	12	34	18
1988	13	38	13
1989	12	37	12

SOURCE: Data supplied by Department of Defense.

NOTES: Percentages do not add to 100 percent because numbers exclude direct appointments (lawyers, doctors, and so forth), warrant officers, and others.

OCS = Officer Candidate School.
OTS = Officer Training School.
ROTC = Reserve Officers Training Corps.

in OCS and OTS programs by assigning ROTC graduates directly to the reserve components or by delaying their dates of entrance into military service. But substantial cuts in OCS/OTS seem probable.

In view of this prospect, the Congress may wish to evaluate the comparative cost and performance of the different commissioning programs. At issue is whether the number of officer accessions from any single source, such as the service academies, should be protected against reductions, or whether all commissioning programs should be retained by the services in roughly their present proportions.

COSTS OF COMMISSIONING PROGRAMS

Measured in terms of costs to the Department of Defense (DoD), the average cost of an academy graduate ranges from $153,000 to $229,000 (see Table 2).[1] The average cost per commissionee under the ROTC scholarship program is much lower, ranging from $53,000 to $58,000 in the three services. OCS/OTS costs per commissionee are much lower still, ranging between $15,000 and $20,000 for all three services. Costs were not available for graduates of nonscholarship ROTC programs.

As Table 2 shows, there is a sharp difference between the average costs of a graduate at the Naval Academy and costs at the other academies.

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[1] For several reasons, CBO's analysis does not include the Marine Corps. Since the Corps does not operate a military academy, cost comparisons with other commissioning programs would be incomplete; in addition, the Marine Corps Platoon Leaders Course is not precisely analogous to the programs of other services. Finally, the data on the performance of Marine Corps officers could not be analyzed in a manner similar to data from the other services because of the smaller number of Marine Corps officer accessions and the consequent lack of statistical validity.

Several possible reasons exist for this difference. One reason is the size of the physical plants. The Military Academy and Air Force Academy have, respectively, about 16,000 and 18,000 acres of land; the Naval Academy has less than 1,000 acres. The Naval Academy also provides less housing and medical care for its faculty, which is largely civilian. The faculties of the other service academies consist overwhelmingly of military personnel, who receive medical care and housing at government expense. There may also be other differences in costs among the academies, though these differences are difficult to discern from available data because the academies appear to account in different ways for similar costs--for example, those for administrative data processing and logistical support.

TABLE 2. DOD AVERAGE COST PER GRADUATE IN 1989 (In dollars)

	Army	Navy	Air Force
Academy	229,000	153,000	225,000
ROTC (Scholarship)	55,000	53,000	58,000
Officer Candidate School/ Officer Training School	15,000	20,000	18,000

SOURCE: Data supplied by Department of Defense.

NOTE: ROTC = Reserve Officers Training Corps.

Differences in Costs Among Commissioning Sources

More important for this testimony are the sharp differences, regardless of service, in the costs among the three commissioning programs. A graduate of an ROTC scholarship program costs the Department of Defense about one-quarter to one-third as much as an academy graduate. These lower costs stem from several factors.

At most, ROTC scholarship programs pay the cost of all tuition and fees, rather than the full cost of a college education that would be financed in part by institutional support from gifts, grants, governmental aid, and perhaps other sources. The cost of ROTC graduates is also lower because many ROTC students attend schools that cost less to operate than the academies. The service academies would probably fall at the upper end of institutions ranked by cost. In this respect, they are similar to other highly selective colleges that focus on education in math, science, and engineering and provide a wide range of extracurricular activities. Finally, the service academies incur costs that other colleges and universities do not bear: full pay for students, mandatory summer programs, clothing and allowances for full board, and a full complement of military instruction in addition to a rigorous engineering curriculum. While ROTC programs also incur some of these costs--for example, stipends, summer training, and military instruction--the service academies clearly devote more resources to these activities.

Of the three principal commissioning programs, OCS/OTS is the least costly. A graduate of OCS or OTS costs the Department of Defense, on average, 6 percent to 13 percent as much as an academy graduate and about one-quarter to one-third as much as an officer obtained through an ROTC scholarship. One reason for these differences is that the government does not pay for any of the college education of OCS/OTS graduates. Also, the duration of OCS/OTS programs is much shorter than other commissioning programs; they last a few months rather than two to four years.

Use of These Cost Data

The average costs borne by DoD, which are shown in Table 2, are appropriate to use in some comparisons and decisions, but not in others. The average costs are a reasonable guide to the effects on the DoD budget of large changes in the number of candidates in officer commissioning programs.[2] Average costs would, however, overstate the effects of small changes in numbers of students, particularly at the academies. The academies incur substantial costs to maintain their facilities and basic educational services. Most of these costs would not change if there were small changes in the numbers of students. Assessing the effects of small changes in numbers of students would require an estimate of marginal costs, which cannot be obtained using the data available to CBO.

Moreover, use of the DoD costs in Table 2 clearly overstates cost differences among commissioning sources if the desired measure is not just cost to DoD but rather the total cost to train a new military officer. The DoD costs in Table 2 reflect all the costs of providing a college education to students attending the academies but none or only part of those costs for graduates of ROTC and OCS/OTS.[3] If the full costs of educating ROTC and OCS/OTS graduates were included, then costs per graduate among the various commissioning sources would be more similar than those in Table 2.

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[2] Use of the average costs in Table 2 could overstate, though probably to a modest degree, savings to the federal government as a whole associated with changes in the numbers of academy cadets or other officer candidates. If DoD were to alter the number of students in its commissioning programs--for example, by reducing the size of the academies or the number of ROTC scholarships--then some of the students who would have participated in those programs would probably apply for other federal government aid, such as student grants or loans. Thus, a reduction in DoD programs could lead to higher costs in other portions of the federal budget.

Adequacy of Cost Data

The cost data available to CBO are adequate to support conclusions about the average cost per graduate borne by the Department of Defense, particularly since the differences are large. But more detailed comparisons of costs would require better information. It is not always evident that costs for various commissioning programs include all the same categories of costs. Moreover, data on costs at the service academies contain many anomalies that make comparing various categories of costs at the three academies nearly impossible. Nor, as I mentioned earlier, do the data available to CBO permit us to calculate the marginal costs of changing the numbers of commissionees, particularly for the academies.

PERFORMANCE OF COMMISSIONED OFFICERS

Are some or all of these sizeable differences in DoD costs among the various commissioning programs reflected in the performance of their graduates?

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[3] Academy costs also include wages paid to cadets, but costs for graduates from other sources do not include any measure of wages forgone by students.

Measures of Performance

The performance of officers commissioned through the three principal programs could differ in two broad ways. First, the military services might realize longer service from one group, such as academy graduates, than from another, such as ROTC graduates. Longer service means that the cost of the government's investment yields a greater return--for example, by reducing the required number of new officers and thus holding down costs.

Second, one group of officers might offer service of higher quality or productivity than another group. Comprehensive measures of quality are elusive. As surrogate measures of quality, we used two quantifiable variables: time to promotion and incidence of forced separation from service.

Sources and Limitations of Data

To examine officer performance, CBO compiled data from several sources. The services supplied some of our data. CBO also assembled data on all commissioned officers who entered active duty between 1979 and 1988. These data, which were provided by the Defense Manpower Data Center (DMDC), identified officers by source of commission as well as demographic, educational, and military characteristics. In all, nearly 255,000 individual officers were included in the data base, and up to 10 years of experience was analyzed for each officer.

Although our detailed data from DMDC were as extensive as we could acquire, they do exhibit some deficiencies. Perhaps most important, we were unable to go back before 1979 because of limitations in the data provided to DMDC by the services. Thus, we could not track officer careers beyond 10 years of experience. In addition, some portions of the data had higher rates of error in the early years after 1979. In most cases, we were able to resolve these problems by relying on the information in the later years of individual officers' files. Comparisons would, however, be aided by additional years of data on continuation, promotion, and separation rates, as well as by more accurate data.

Length of Service

Data supplied by the services suggest that, compared with officers from other commissioning programs, academy officers serve for modestly longer periods in the military. In the Army, for example, rates of continuation in 1989 suggest that academy officers will serve an average of 13.9 years on active duty compared with 13.0 years for OCS graduates and 12.3 years for ROTC graduates. Thus, average length of service for academy graduates would be greater by between 7 percent and 13 percent. Differences were modestly larger based on rates of continuation in 1987 and 1988 but never more than 16 percent.

These results, however, may reflect more than source of commission. The data include many factors that could affect length of service, including personal characteristics--such as race, sex, and marital status--as well as service factors such as military occupation. To isolate the effect of source of commission, CBO used statistical techniques to adjust for differences in these and other factors. These techniques were applied to data for officers entering in 1979, the earliest year for which detailed data are available. Thus, the results apply only for the first 10 years of service.

Our data indicate that, in all three services, academy graduates have longer average lengths of service during their first 10 years of active duty than ROTC graduates. In the Army, academy graduates serve an average of 11 months longer than graduates of ROTC programs, either scholarship or nonscholarship (see Table 3). Similar findings are apparent for the Navy and Air Force, though the specific differences vary in size.

TABLE 3. AVERAGE MONTHS OF ACTIVE MILITARY SERVICE DURING THE 1979-1989 PERIOD, WITH AND WITHOUT ADJUSTMENTS TO ISOLATE SOURCE OF COMMISSION, FOR OFFICERS ENTERING IN 1979

	Army		Navy		Air Force	
	Unadjusted	Adjusted	Unadjusted	Adjusted	Unadjusted	Adjusted
Academy	98	98	98	98	106	106
ROTC (Scholarship)	87	90	95	96	99	101
ROTC (Nonscholarship)	87	89	77	82	99	102

SOURCE: Congressional Budget Office based on Department of Defense data.

NOTE: Unadjusted estimates reflect average months of service among all entering officers with the specified source of commission. Adjusted estimates are intended to isolate the effects of source of commission. Specifically, adjusted results are based on a regression analysis that was used to predict average months of service that would be expected from ROTC graduates if they had the same personal characteristics (for example, race and sex) and the same career characteristics (for example, military occupation) as academy graduates.

Roughly one-quarter of these modest differentials, however, stems from differences in the personal and career characteristics of officers rather than from their source of commission. For example, academy graduates in the Army actually served about eight months longer (during their first 10 years) than officers with the same personal characteristics and military occupation specialty who graduated from a scholarship ROTC program, rather than the 11 months shown in the unadjusted data (see Table 3). Similarly, Naval Academy graduates actually served only 16 months longer than nonscholarship ROTC graduates with the same characteristics, rather than 21 months. For Air Force academy graduates, the difference compared with scholarship ROTC commissionees was five months after adjustment for personal characteristics, rather than seven months.

Success at Being Promoted

The military services operate an extensive, highly competitive system for determining who is promoted. Thus, systematic differences in quality among officers from different commissioning programs should be more readily apparent in promotion data than in any other measure. Does the source of an officer's commission influence an officer's chance of successful promotion? CBO's analysis tested that proposition.

Promotion to Pay Grades O-3 and O-4. Based on the experience of officers entering the military between 1979 and 1988, academy graduates did appear to fare better in terms of time between promotion to pay grade O-3 (captain or Navy lieutenant) and pay grade O-4 (major or Navy lieutenant commander, the highest pay grade reflected in our data on the first 10 years

TABLE 4. AVERAGE MONTHS BETWEEN PROMOTION, BY SERVICE AND SOURCE OF COMMISSION, FOR OFFICERS ENTERING BETWEEN 1979 AND 1988

	Pay Grades O-2 to O-3	Pay Grades O-3 to O-4
Army		
Academy	29	88
ROTC (Scholarship)	30[b]	a
ROTC (Nonscholarship)	29[b]	91[b]
Officer Candidate School	29	95[b]
Navy		
Academy	26	61
ROTC (Scholarship)	26	61
ROTC (Nonscholarship)	26	61
Officer Candidate School	26[b]	64[b]
Air Force		
Academy	24	88
ROTC (Scholarship)	24	90
ROTC (Nonscholarship)	24[b]	94[b]
Officer Training School	24[b]	95[b]

SOURCE: Congressional Budget Office based on Department of Defense data.

NOTES: Derived from regression analysis controlling for education, marital status, number of dependents, race, sex, and primary military occupational specialty. The analysis selected only those officers for whom complete data were available.

ROTC = Reserve Officers Training Corps.

a. Fewer than 25 observations available.

b. Differences between these numbers and those for academy graduates are statistically significant ($p = .05$). Because of the large sample size, some numbers differ in a statistically significant way even though they round to the same whole numbers.

of military service). In both the Army and the Air Force, academy graduates were promoted up to seven months more rapidly than others (see Table 4). Differences were smaller in the Navy but still apparent.

CBO also received data from the Army that showed that, among officers promoted in the typical manner ("due course" promotions), selection rates to pay grade O-4 were higher for academy graduates than for officers from all other sources of commissioning, including ROTC, OCS, and direct appointments. (Selection rates indicate the percentages promoted among those who both remained in service and were considered for promotion.) Indeed, selection rates were higher for all pay grades from O-2 to O-7. But these data did not permit CBO to compare academy graduates with those from ROTC and OCS, which is the focus of our analysis.

Another measure for the rate of promotion, however, did permit specific comparisons and showed less systematic difference by source of commission. The Army supplied data that indicated the percentages of all officers entering the service who were eventually promoted to pay grade O-4. This measure reflects both the number of officers who remain in the military long enough to be eligible for promotion and their ability to win promotion to the higher rank. Thus, the measure summarizes the effects of length of service and promotion.

Specifically, these Army data on entrants promoted to pay grade O-4 show that, in the three years between 1988 and 1990, the rates of promotion vary widely (see Table A-2). Academy graduates showed the highest rates of promotion in 1988 and 1990, though the differences were modest. In 1989, academy graduates were tied for second in the rankings.

Source of commission did not have much effect on time between promotion to pay grade O-2 and pay grade O-3. Indeed, in the Air Force, all of those promoted averaged 24 months between promotions (see Table 4). Scholarship ROTC graduates took the longest to be promoted in the Army, but they had the most rapid promotion in the Navy. No systematic differences are apparent between academy graduates and others. Moreover, most officers are promoted to pay grade O-3 at roughly the same time. Thus, promotion to pay grade O-3 is not as useful a measure as promotion to pay grade O-4.

Promotion to General and Admiral. Academy graduates clearly do fare better in promotions to general or admiral. The academies have usually provided roughly one-tenth or less of each year's new officers, but nearly one-third of the general officers in the Army and the Air Force, and almost one-half of all Navy admirals, were commissioned at the academies (see Table 5). ROTC graduates, and to a lesser extent OCS/OTS graduates, are well represented among the generals and admirals. But the academies are clearly represented more than proportionally.

There are several possible explanations for this disproportionate representation of academy graduates. It may reflect the effects of the source of commission; academy graduates may be better prepared for these senior ranks than are graduates of ROTC or OCS/OTS. The disproportionate representation may also reflect past officer personnel policies regarding officers. In earlier years, many ROTC and OCS/OTS graduates were commissioned as reserve officers. These officers served on active duty but

TABLE 5. NUMBER AND PERCENTAGE OF GENERALS AND ADMIRALS AS OF MARCH 1990, BY SOURCE OF COMMISSION

	Number	Percentage of Service Total
Army		
Academy	118	29
Reserve Officers Training Corps	229	56
Officer Candidate School	36	9
Other	25	6
Navy		
Academy	122	47
Reserve Officers Training Corps	38	15
Officer Candidate School	33	13
Other	66	25
Air Force[a]		
Academy	104	31
Reserve Officers Training Corps	153	45
Officer Training School	30	9
Other	52	15

SOURCE: Data supplied by the Department of Defense.

NOTE: Data include officers in pay grades O-7 to O-10.

a. Results include Air Force generals who attended the Military Academy or the Naval Academy.

were not allowed to remain past about 10 years of service unless they applied for and were accepted as regular officers. Thus, some ROTC and OCS/OTS graduates might not have been allowed to remain in the military long enough to compete for promotion to the ranks of general or admiral. Another explanation for the disproportionate representation of academy graduates in these senior ranks is that the services' decisions about promotions and careers may be influenced by academy graduates who promote the careers of academy-trained officers.

Involuntary Separation

Officers are involuntarily separated from the services if they fail to meet certain promotion standards. Other reasons for involuntary separation include moral, ethical, criminal, or professional misconduct.

Rates of involuntary separation, which are tabulated in Table 6 for all officers entering active duty between 1979 and 1988, are low for all groups of officers, though rates of involuntary separation do tend to be lower for ROTC graduates than for graduates of the academies and OCS or OTS. Indeed, rates of separation for misconduct among ROTC graduates are negligible in all three services.

CONCLUSION

The military services currently face diminishing requirements for new commissioned officers. In the face of reduced demand, the services and the Congress will have to judge what proportion of new officers should come from the various training programs.

Measured in terms of costs to the Department of Defense, the service academies clearly are the most costly commissioning program. A new officer from the service academies costs the department about three to four times as much as one obtained through an ROTC scholarship program and about eight to fifteen times as much as an officer obtained through OCS/OTS. Costs to DoD are the appropriate measure in assessing how

TABLE 6. PERCENTAGE OF OFFICERS INVOLUNTARILY SEPARATED, BY SERVICE AND SOURCE OF COMMISSION, FOR OFFICERS ENTERING BETWEEN 1979 AND 1988

	Separated for Failure to Achieve Promotion	Separated for Misconduct
Army		
Academy	1.5	0.9
ROTC (Scholarship)	0.7	0.1
ROTC (Nonscholarship)	0.3	0.2
Officer Candidate School	1.2	1.3
Navy		
Academy	0.8	0.5
ROTC (Scholarship)	0.4	0.0
ROTC (Nonscholarship)	0.4	0.1
Officer Candidate School	0.8	1.0
Air Force		
Academy	0.6	0.7
ROTC (Scholarship)	0.1	0.0
ROTC (Nonscholarship)	0.2	0.1
Officer Training School	1.6	1.5

SOURCE: Data supplied by the Department of Defense data.

NOTE: ROTC = Reserve Officers Training Corps.

changes in commissioning programs would affect the department's budget. However, other measures of cost are more appropriate in judging the full costs of training a military officer.

Data available to CBO do indicate that academy graduates remain in the military for modestly longer periods and, by some measures, are promoted more rapidly or at higher rates. In most cases, these differences are not large, however. Moreover, some of these differences may not result solely from the source of commission.

CBO's analysis of officer performance focused on quantifiable measures, and important qualitative differences may remain that are not captured by our measures. Among the relevant criteria that our measures might not fully capture are leadership skills, suitability for senior command, and intangible personal qualities. Justification for a commissioning program for officers might be greater to the extent the program is superior at identifying or inculcating these qualities.

APPENDIX TABLES

TABLE A-1. NUMBER OF REQUIRED OFFICER ACCESSIONS COMPARED WITH 1989

	Accessions Required to Maintain 1989 Officer Level[a]	1989 Accessions
Army	10,300	9,500
Navy	6,600	7,800
Air Force	8,600	7,530

SOURCE: Congressional Budget Office based on Department of Defense data.

[a] These estimates assume that 1988 patterns of continuation in the services remain unchanged.

TABLE A-2. PERCENTAGE OF ENTERING ARMY OFFICERS PROMOTED TO PAY GRADE O-4 (MAJOR), BY YEAR AND SOURCE OF COMMISSION

	1988	1989	1990
Academy	50	45	47
ROTC (Scholarship)	33	35	46
ROTC (Nonscholarship)	36	57	30
Officer Candidate School	48	45	38

SOURCE: U.S. Army.

NOTES: Percentages represent those in the primary zone as a percent of all accessions who entered in 1978, 1979, and 1980, respectively.

ROTC = Reserve Officers Training Corps.

Senator GLENN. Thank you. Paul Jones with the GAO report.

STATEMENT OF PAUL L. JONES, DIRECTOR, MANPOWER ISSUES, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY BILL BEUSSE, ASSISTANT DIRECTOR, AND GENE DIXON, EVALUATOR-IN-CHARGE

Mr. JONES. Thank you, Mr. Chairman.

Mr. Chairman and Members of the subcommittee, I am pleased to be here today to discuss the preliminary results of our ongoing review of the cost and operations of the U.S. Military Academy, the U.S. Naval Academy and the U.S. Air Force Academy.

Accompanying me today are Mr. Bill Beusse, the Assistant Director, and Mr. Gene Dixon, the evaluator-in-charge of this review.

As you requested, Mr. Chairman, we examined the academies' academic and military programs, including organizational structure, staffing patterns, performance of graduates, cost of operations and program oversight.

I would like to summarize my statement which you have before you.

Senator GLENN. Your entire statement will be included in the record without objection.

Mr. JONES. Thank you, Mr. Chairman.

As a matter of background, the mission of each academy is to prepare students to become military officers. Students receive a 4-year education consisting of an accredited academic program with a foundation in the humanities, social sciences, natural sciences and engineering, military training with emphasis on leadership and physical education intended to instill confidence and competitiveness.

The academies are highly selective. They seek men and women between the ages of 17 and 22 who have above average high school academic achievement, high college entrance exam scores, leadership ability as shown through athletic and extracurricular activities, and adequate physical aptitude as demonstrated through physical aptitude examination.

GAO Student Selection

- Annual applications 12,000-16,000
- Acceptances 1,300-1,400
- Average S.A.T. scores
  - Verbal 564-588
  - Math 642-668

As shown by the first chart, about 12,000 to 16,000 students apply each year for admission to each academy, and only about 1,300 to 1,400 are selected for each academy. SAT scores for students accepted for admission to the three academies in 1988 ranged from 564 to 588 in verbal and from 642 to 668 in math. The average national SAT scores for students entering college are 428 in verbal and 476 in math.

The academies produce about 3,000 officers per year compared to about 19,000 from other sources.

GAO Preliminary Conclusions

- Cost differences exist among academies
- All costs not reported
- Graduates perform successfully
- Academies receive little external oversight

To date, our preliminary conclusions as shown by this chart are: Cost differences exist among the academies; all costs are not reported; graduates perform successfully; and academies receive little external oversight. I would like to briefly discuss each one of our preliminary findings at this time.

As shown in the next chart, in fiscal year 1989 reported costs were $239 million for the Military Academy, $178 million for the Naval Academy, and $233 million for the Air Force Academy. Although it appears that operating costs have gone down for two of the academies, the Military Academy and the Air Force Academy, for fiscal year 1989, we believe that this is attributable to some changes in what costs the academies include. I will discuss this a little while later.

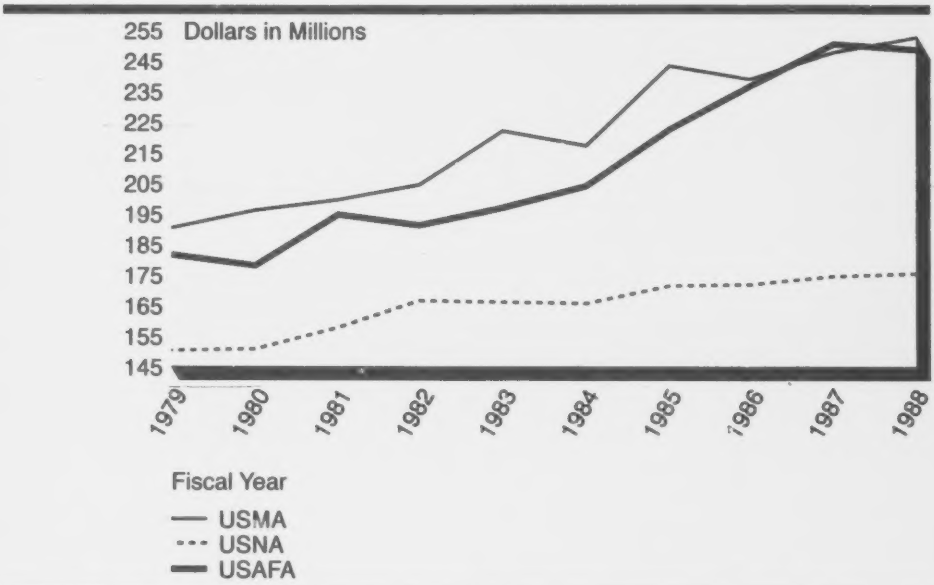
GAO Reported Costs ($ in millions)

	USMA	USNA	USAFA
FY 1988	$243	$168	$239
FY 1989	$239	$178	$233

As shown by the next chart, in terms of cost trends between fiscal year 1979 and 1988 the academies' operating costs increased at an average annual rate of about 1.7 to 2.6 percent. Over this period, the academy costs in 1980 dollars rose by about 33 percent for the Military Academy—that is, from about $190 million to about $252 million—and rose about 17 percent at the Naval Academy, from about $150 million to $175 million; and they rose about 37 percent at the Air Force Academy, from about $181 million to about $249 million.

Another point that can be seen from the chart is that there's a big difference in cost, when you look at the Military Academy and the Air Force Academy compared to the Naval Academy——

GAO Academy Cost Trends



Senator GLENN. Before you get to that, does this exclude inflation, or is this a normal inflationary trend, or is inflation taken out of that?

Mr. JONES. Inflation is taken out of that, so that is the increase excluding inflation. So this is on top of inflation.

Senator GLENN. Okay.

Mr. JONES. As I said, another point to be seen from this chart is that the cost of the Military Academy and the Air Force Academy is somewhat higher than the Naval Academy, and I would like to briefly explain this difference.

Senator MCCAIN. Mr. Jones, if I might interrupt, are we going to get into the comparison between that and other colleges and universities?

Mr. JONES. No, we are not.

Senator McCain. Did that exceed your charter?

Mr. Jones. We were not asked to look at it compared to other universities. We were strictly asked to look at academies.

Senator McCain. You did not look into that?

Mr. Jones. No, we did not.

Senator McCain. Thank you.

Mr. Hale. I can deal with it now. Do you want to come back to it in the questions?

Senator McCain. Go ahead.

Mr. Hale. We did not look in detail at that. We did ask the Department of Education what the average cost of a private 4-year college would be. Now that is going to span a wide range from some low-cost colleges to some highly selective ones. The numbers we got were on the order of $100,000 for a 4-year education. Once again, that is not Harvard. That is for a mix of many colleges and universities.

If you were to add in to the $100,000 the cost of ROTC programs, because some things provided in the way of military instruction obviously are not included in that $100,000, you might get up in the $130,000 to $150,000 range for an average private education. That is clearly less than the cost of the academies, at least the Air Force and the Army. But the academies are different institutions—highly selective, focusing on math, science, and education.

Finally, it is difficult to get comprehensive data on this topic. So I would use those figures as a rough approximation.

Senator Glenn. Would that include the overall cost of the running of the whole institution, not just what they pay in tuition because——

Mr. Hale. That is right, as best we can tell. I am concerned whether there are some subsidies that are not fully reflected in that number—for example, land use and so forth—that may be difficult to capture. But as best we can tell, our estimate captures the majority of costs.

Senator McCain. Thank you.

Mr. Jones. As I was explaining, one difference between the Military Academy costs and the Air Force Academy costs compared to the Naval Academy cost is the size of the academy grounds and the amount of building space maintained.

GAO Factors Related to Cost Differences: Institutional Costs

	USMA	USNA	USAFA
Size in acres	16,000	338	19,000
Building area (million sq. ft.)	11.4	4.3	7.7

As you can see from this chart, the Naval Academy grounds are much smaller than the other academies, and it has considerably less square footage of building space to maintain.

In the next chart we show one other difference. This difference relates to the military-civilian mix of faculty at the various academies. The faculty at the Military Academy and the Air Force Academy are composed almost exclusively of military personnel, about 97 percent and 98 percent. In contrast, the Naval Academy faculty is composed of about half civilian and half military.

The Military Academy and the Air Force Academy incur costs for sending officers selected for faculty positions to graduate school to obtain the advanced degrees required. In 1988, the faculty training costs at these two academies totaled about $22.6 million. The Naval Academy selects faculty members to meet the prerequisite requirements.

GAO Factors Related to Cost Differences: Faculty Staffing

	USMA	USNA	USAFA
Mil/Civ Mix	97/3	50/50	98/2
Percent with doctorates	25%	50%	37%

In terms of cost per graduate, the academies compute the cost per graduate by allocating a portion of each year's operating costs to each class and totaling these allocations for the 4 years. As shown by this chart, the academy's cost per graduate in 1989 was

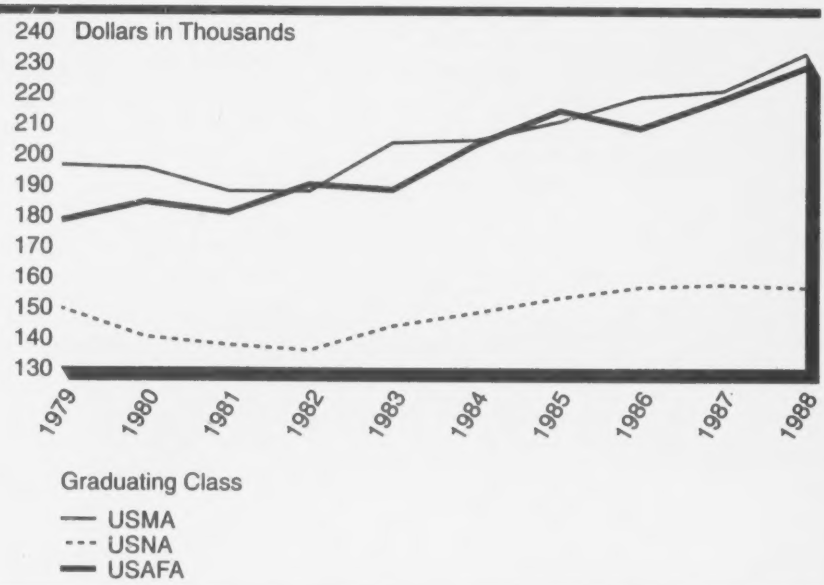
$228,000 for the Military Academy, $153,000 for the Naval Academy, and $225,000 for the Air Force Academy.

GAO Cost Per Graduate ($ in thousands)

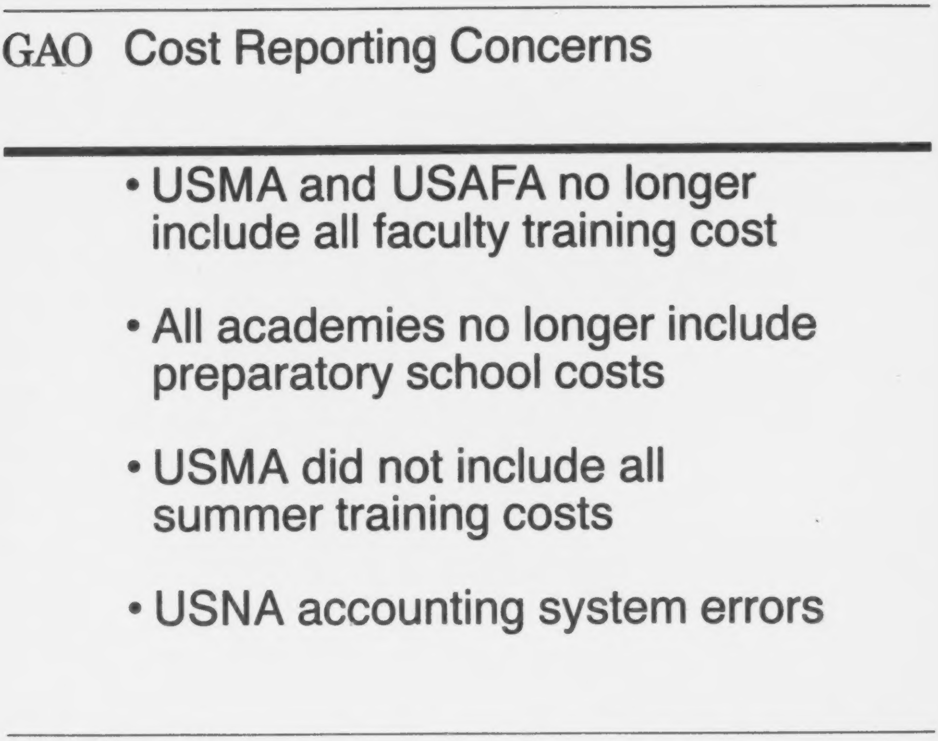
Class of	USMA	USNA	USAFA
1989	$228	$153	$225

In terms of cost trends in terms of cost per graduate, if there are any, from 1979 through 1988 the academies' cost per graduate rose in constant 1989 dollars by about 19 percent, as shown in the chart, that is, from $196,000 to $223,000 for the Military Academy, and rose 5 percent at the Naval Academy from about $148,000 to $156,000; and about 29 percent at the Air Force Academy, from about $178,000 to $229,000.

GAO Trends in Cost Per Graduate



As you can see, we have several cost reporting concerns that I would like to discuss at this time. For example, in fiscal year 1989 the Military Academy and the Air Force Academy began to report only a portion of faculty training costs which totaled $22.6 million in 1988. Also, the academies began excluding prep school costs, which totaled about $15.7 million for the three academies in 1988.



GAO Cost Reporting Concerns

- USMA and USAFA no longer include all faculty training cost
- All academies no longer include preparatory school costs
- USMA did not include all summer training costs
- USNA accounting system errors

Another concern is that in fiscal year 1989 the Military Academy did not include about $9.8 million in costs related to providing summer training. In addition, at the Naval Academy we found 67 instances where costs were either overreported or underreported. These over- and underreporting totaled about $6.6 million. We are not yet in a position to determine the net effect of these concerns on the Naval Academy's reported costs and cost per graduate.

In terms of performance of graduates——

Senator GLENN. Before you go on, are the differences in costs from your chart basically on the size of the grounds and building space and the faculty mix? Is that correct? Would that account for the difference?

Mr. JONES. There are some other costs.

Senator GLENN. Is there a 35 or 40 percent difference in cost from one academy to the other?

Mr. JONES. There are some other categories of cost, but these are two of the big areas. One other area would be in the mess service. There is a difference of about $4 million. There is another service——

Senator GLENN. Well, in those other instances that you just mentioned, have you made estimates on all of those, and how much would that add to each academy's basic costs? What percent is that? Would it be a third more expensive or about the same, or what would it be if you added these other costs in?

Mr. JONES. We have not really completed that work yet, but we have some rough figures. We are looking at about up to $5 million difference in increase, which, divided by the number of graduates, would be about $5,000 per graduate.

Senator **GLENN**. Okay. So we are not talking about these figures running the cost up 30 percent over the 250?

Mr. **JONES**. No, not from our preliminary indications.

Senator **McCAIN**. Frankly, Mr. Chairman, just to follow up, I have been to all three academies, and I know that two are considerably larger; but it is still hard for me to imagine that all of that cost differential would be in maintenance.

Mr. **JONES**. There is about a $47 million difference in the operating and maintenance cost line item between the Air Force Academy and the Military Academy.

Senator **GLENN**. In the building floor space you go from 11 million down to the next highest is 3 million or 4 million? The Air Force Academy apparently has two or three times the floor space. Maybe that is all justified in Colorado. I do not know.

Mr. **JONES**. It is a considerable difference in square footage of the buildings.

Senator **GLENN**. Eleven point four and the next highest is 7.7.

Mr. **JONES**. That is right.

Senator **GLENN**. I am sorry. West Point is the 11.4.

Senator **McCAIN**. Yet, West Point and the Air Force Academy have almost the same costs. There is a significant factor of difference in size between the Air Force Academy building area and West Point; yet, there is not much difference in cost.

Can you make sense out of that for me?

Mr. **JONES**. Before we finish the job we hope to make some sense out of it, too.

In gross figures it is about $47 million difference in terms of cost when you look at the Naval Academy and the other two academies. We have not really looked at the costs in detail. The academy includes 38 line items of cost, and we have really just concentrated on what those line items total up to. We have not looked at the individual line items, say, for example, the operations and maintenance cost, to see what is in that cost item.

That is what we will do in the next phase of our review.

Senator **McCAIN**. Looking at one of your previous charts, the cost of education has not escalated nearly as much percentagewise as the cost of general education in a civilian university.

Mr. **JONES**. Again, we did not do the civilian universities, and I have no figures on that.

Senator **McCAIN**. Thank you.

Senator **GLENN**. Would you get back to the overall staffing, because the overall staffing, which you had not mentioned as a major difference in cost here, varies quite widely. The figures we have here for the Air Force Academy, is that they have a total staffing, civilian and military, of 3,985. The Naval Academy has only 2,513. That is a big difference.

Mr. **JONES**. That is right.

Senator **GLENN**. West Point has 3,382. That would appear to be a very, very major difference here.

Is that not a big factor in your cost?

Mr. JONES. We think that is another factor. Like I say, there are 38 categories of costs. We really have not delved into what is in those line items.

You are right. In terms of staff size, there are differences.

Senator GLENN. One of the things I will get into later in the questioning which I think is another factor, too, is how they count the personnel costs for military and civilian. As I understand it, they count only one-fourth of the cost of a military officer assigned as an instructor; is that correct?

Mr. JONES. We have not gotten figures on the salary for military because the military salary in terms of salaries paid is not kept by the academies. That is paid from a central fund. So the academies do not keep those costs.

Senator GLENN. That was not factored in as part of the costs, though?

Mr. JONES. It is in the costs. They used a factor to compute the military's costs. It is not an actual cost.

Senator GLENN. It was my understanding that factor was only counted as one-fourth. Oh, that is the training cost. Okay. Training of instructors; I guess that is what I am talking about.

Mr. JONES. I understand that the graduate training portion is one-quarter.

Senator MCCAIN. Mr. Jones, given the fact that the Naval Academy has a significantly larger number of civilian professors, is that cost not considerably higher than it would be for the other two where they have largely military officers as instructors? You pay civilian professors a lot higher than you do military professors, do you not?

Mr. JONES. We have not done that analysis, but we did look at it in terms of what they paid to educate the military faculty they bring on board. We did not look at it in terms of comparing the salary of the military and the civilian.

Senator GLENN. We promise we will not interrupt you until you get finished.

Mr. JONES. That is quite all right.

In terms of our cost reporting concerns, we have identified several. As I said before, the academies only reported a portion of their faculty costs, which totaled $22.6 million in 1988. Also, the academies began excluding prep school costs which totaled about $15.7 million for the three academies in 1988.

Another concern in the fiscal year was the Military Academy did not include $9.8 million for providing summer training. As I said before, the errors we found in the cost of the Naval Academy were $6.6 million.

GAO Performance of Academy Graduates

- Academy graduates appear to have
  - Higher retention
  - Quicker promotions
  - Proportionally more promotions to flag rank

But . . .

In terms of performance of graduates, as shown in the chart, our preliminary indications are that graduates have a higher retention rate. As Senator Glenn mentioned before, using one figure, about 46 percent of the academy graduates remain on active duty longer than 15 years. We used 15 years because this seemed to be the point at which the graduates decide to make it a career or not.

Another indicator is that graduates receive quicker promotions. For example, 88 percent of academy graduates are considered and promoted to O-3 the first time considered. In addition, they have proportionately more promotions to flag rank, while about 14 percent of officers come from the academies, while about 31 percent of the flag officers are academy graduates.

GAO Performance of Academy Graduates

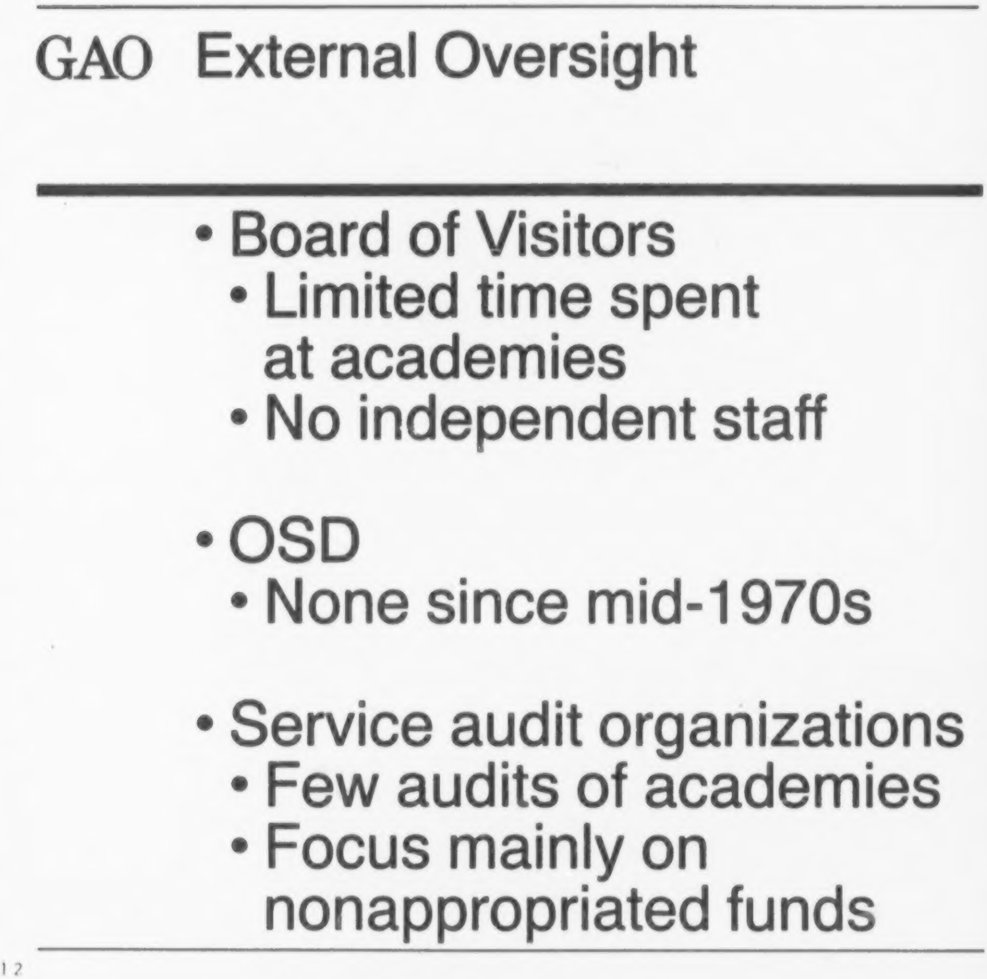
- Academy graduates receive
  - Regular commissions
  - Proportionally more combat-related occupations
  - Longer service obligation

However, care should be taken in interpreting the raw data because, as you can see by my chart, there are several factors related to career progression and retention which can impact this comparison. For example, academy graduates receive regular commissions which protect them from a reduction in force. They receive proportionately more combat-related occupational assignments which traditionally have been the main route to senior leadership positions, and they receive longer service obligations putting them closer to the point at which their retirement benefits began to exert their influence.

It is, therefore, difficult to determine whether the success of an academy graduate is due to the quality of the academy program or to other factors associated with the various sources of commissioning.

As far as oversight is concerned, the academies receive little external oversight. In addition to accrediting associations, several organizations have a potential role in maintaining external oversight over the operation of the academies; that is, a board of visitors, the Office of the Secretary of Defense, and the service audit agencies.

I would like to mention here that while the academies meet the accreditation requirements, the accrediting bodies have raised concerns related to civilian-military mix of faculties at the Military Academy and at the Air Force Academy.



GAO External Oversight

- Board of Visitors
  - Limited time spent at academies
  - No independent staff
- OSD
  - None since mid-1970s
- Service audit organizations
  - Few audits of academies
  - Focus mainly on nonappropriated funds

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As shown in this chart the board of visitors spend only a few days a year at the academies, and they have no independent staff to assist them in carrying out their role. OSD has not conducted an in-depth review of the academies since the Committee on Excellence in Education conducted its study in the mid 1970s. Service organizations have conducted few audits of the academies, and many of them have been in the nonappropriated fund area.

That concludes my oral presentation, and I will be happy to respond to any questions.

Senator GLENN. Thank you very much.

We had no suggested list of questions for you gentlemen this morning. I know you have agreed to stay here this morning and listen, and we wanted to get to the other representatives of the academies and the secretaries. I hope that you will stay available so that we can ask any additional questions.

We appreciate your remarks very much.

Mr. JONES. Thank you.

Senator GLENN. I would ask our second panel to please take their places at the witness table.

Gentlemen, we have received, read and included in the record your written statements. We have a great deal of material to cover this morning. I think the witnesses understood in preparation for this that we would ask them to limit their statements.

Mr. Jehn, if you would take about 5 minutes to summarize the statements of the Assistant Secretaries, then I would ask each of the superintendents to take 3 or 4 minutes each to make opening remarks.

Mr. Jehn, we will begin with you.

STATEMENT OF CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE, FORCE MANAGEMENT AND PERSONNEL; ACCOMPANIED BY G. KIM WINCUP, ASSISTANT SECRETARY OF THE ARMY, MANPOWER AND RESERVE AFFAIRS, BARBARA SPYRIDON POPE, ASSISTANT SECRETARY OF THE NAVY, MANPOWER AND RESERVE AFFAIRS, AND JEROME G. COOPER, ASSISTANT SECRETARY OF THE AIR FORCE, MANPOWER, RESERVE AFFAIRS, INSTALLATIONS AND LOGISTICS

Mr. JEHN. Thank you, sir. It is a pleasure to be here before this committee again. As you said, we have all submitted written statements, so I will just briefly summarize what I think is the essence of the statements submitted by me and the three military department Assistant Secretaries.

I think all of us agree that all three principal sources of commissioning, the officer candidate schools and OTS as well as the Reserve Officer Training Corps program and the service academies all are essential. We will be adjusting the size of all three programs over the next few years in response to the changes in the structure of the military and its size.

As we do so, I think it is important to note that as far as we are concerned there are no sacred cows. We are going to be looking at all three sources as we do this, and I think the thing we all want to make sure of is that the quality of the products of those commissioning sources remains as high as I think all of us believe it has been over the last 10 years.

I think I would like to mention one thing, though, in response to the testimony from CBO and GAO quickly. My understanding of the cost figures that GAO presented was that the numbers they showed, the cost trends in the cost of the service academies, did include the effects of inflation. I was not sure exactly how that seemed to get resolved, but the numbers they showed——

Senator GLENN. They said inflation was not included.

Mr. JEHN. That is right, and I believe the figures that were on that graph in fact do include the effects of inflation. We will work closely with GAO, as we have done all along, to resolve that.

Senator GLENN. Do you want to address that right now so we know whether we do have inflation in or out?

Mr. JONES. Yes. It does not include inflation. The figure we showed is the cost increase above inflation.

Senator GLENN. Mr. Jehn, you feel the figures did include inflation or they would not have been that high?

Mr. JEHN. That is right. We will try to resolve that.

That concludes my statement.

[The prepared statement of Messrs. Jehn, Wincup, Cooper, and Ms. Pope follow:]

Opening Statement
Testimony on Officer Procurement
The Honorable Christopher Jehn

Assistant Secretary of Defense
Force Management & Personnel

Good morning, Mr. Chairman. I appreciate the opportunity to discuss with you our officer procurement programs. We are entering an era of tremendous and positive change in our worldwide political environment and in our military posture, and the quality of our military officers remains essential to the professionalism and dedication of our Armed Forces.

Good leadership, confidence, and professionalism are not born. They are grown and nurtured through a system of training and education in our nation's military, which begins with our three principal commissioning sources: the Service Academies, Reserve Officers Training Corps, and Officer Candidates School. This morning, we will discuss the contribution of each of these commissioning sources, our strategy for future accessions in an era of force reductions, and initiatives we are currently undertaking as we manage the drawdown of our force structure.

As you know, we repose special trust and confidence in the 21 and 22-year-old men and women whom we commission into our Armed Forces. Within a year of commissioning, most become stewards of millions of dollars worth of sophisticated equipment, while assuming responsibility for the training, welfare, and safety of the enlisted men and women who make up our uniformed Services. In no other profession are young people given such direct and immediate responsibility. Therefore, our commissioning programs must produce competent and dedicated leaders. This tremendous level of responsibility requires great care and investment by the Military Departments. I cannot emphasize too strongly that a newly commissioned officer is much more than a trained, entry-level employee.

By law, we have given the authority for the execution of our commissioning programs to the Secretaries of our Military Departments. Inherent in their responsibilities is the overriding mandate to ensure these programs produce quality officers who are motivated to pursue a full military career.

The Service Academies of the Army, Navy, and Air Force are the traditional sources of career officers. These four-year undergraduate degree programs are funded by the Military Departments and controlled by the Services with regional academic accreditation. They graduate approximately 3,000 officers a year. They are centers of academic and military excellence that attract the most talented and motivated young men and women in the national high school population. The average combined math/verbal SAT score of academy entrants is well over 1200, while the average of college freshmen nationwide is about 900. All applicants appointed have demonstrated scholastic, leadership, and extracurricular excellence. For example, they are valedictorians, honor society members, sports team captains, service club leaders. The programs they enter at the Academies are tough, disciplined, and demanding, both academically and physically. Despite the intense competition and high quality of applicants for appointments, we lose approximately 20% of entering classes to attrition. This is not a reflection of inadequate screening, rather it reflects the perseverance and dedication required to complete the program and obtain a commission.

Our Nation's Reserve Officers Training Corps (ROTC), produces the largest number of active commissions for the Services. ROTC is conducted at over 850 colleges and universities nationwide, where scholarship and contract cadets and midshipmen participate in Military, Naval, and Aerospace science programs and Summer training while attending civilian colleges and universities. The scholarships pay tuition, books, and academic fees. The scholarship recipients are comparable to the Academy cadets and midshipmen in many respects. They too score highly on college boards, have excellent high school academic and leadership records, and survive a very competitive process for scholarships and commissions. While the ROTC program does not have the same rigors and benefits of the full-time Academy program, it offers the Services access to the full spectrum of our colleges and universities, which reflect the perspectives and attitudes of our society. Our ROTC officers are graduates of scientific and technical schools and liberal arts colleges, of urban universities and rural campuses. They provide our Armed Forces with special, technical skills not available at our Academies, and add an important social dimension to the leadership of our all-volunteer force.

The Officer Candidates School program takes young men and women who meet stringent prerequisites for commissioning and trains them in an eight-week intense military program in leadership and officership. It is a way exceptional enlisted people may earn commissions, and it is a flexible mobilization capability. It is also used to meet immediate shortages by bringing in college graduates for specific specialties and talents, such as engineers.

Each of these three primary commissioning sources is essential. Each serves a purpose that complements the others in terms of quality and readiness. All provide career officers. In addition, the ROTC contract (non-scholarship) program provides officers for our Reserve Components, while the OCS/OTS program gives us mobilization capability and flexibility to meet immediate requirements.

We are now moving to a smaller force. Our officer corps will decline in numbers in the next five years, and the requirements for new commissions will decline as well. All Services will reduce total accessions to some extent in the near term; however, we do not believe it is prudent or efficient to cut accessions precipitously, or to cut them below the point at which they can sustain a quality force. Nor do we believe that any institution or accession source should be arbitrarily protected from cuts. There are no sacred cows. What is important is that programs and institutions retain their essential quality. The Services are managing accession cuts tailored to current and projected officer end strengths. For now, necessary cuts are being managed by a combination of reduced OCS/OTS production and voluntary and involuntary disenrollments of non-scholarship ROTC cadets. Further reductions out of ROTC or the Academies would require us to break contracts with those high quality volunteers we have recruited, and is presently unnecessary. For the 1992 and follow-on years, accessions will be reduced as force structure decisions dictate. We will keep our focus on quality and sustainment. We are examining the distribution of new accessions to make certain that what we produce contributes to the readiness of the force, as it does today.

We are currently reviewing several ways to improve our management of officer procurement and retention. We are examining active service obligations for all programs, including graduate education and professional training; we are studying the viability of our many ROTC units; and optimum Service Academy operation. The reviews by CBO and GAO that you requested should also help us. Our analysis is intended to ensure that the processes we use to bring new officers into the military and further educate them are equitable, cost effective, and, above all, professional. We hope to share this work with you in June.

We have enjoyed great success in recruiting and training the best available candidates. We are committed to maintaining that success. Thank you for your interest and cooperation.

STATEMENT BY

HONORABLE G. KIM WINCUP

ASSISTANT SECRETARY OF THE ARMY

(MANPOWER AND RESERVE AFFAIRS)

INTRODUCTION

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE, I APPRECIATE THIS OPPORTUNITY TO TALK TO YOU AGAIN. THE ISSUE TODAY, OFFICER PROCUREMENT, IS CRITICAL TO QUALITY ARMY LEADERSHIP TODAY AND IN THE FUTURE. WE VIEW THE OFFICER CORPS AS A NATIONAL ASSET AND LOOK TO YOU FOR UNDERSTANDING OF THE UNIQUE TRAINING REQUIREMENTS, DEMANDING PHYSICAL CHALLENGES, AND PERSONAL SACRIFICE ASSOCIATED WITH A CAREER AS AN ARMY OFFICER.

THERE ARE FOUR SOURCES OF COMMISSION AVAILABLE TO MEN AND WOMEN INTERESTED IN SERVICE AS AN ARMY OFFICER: RESERVE OFFICERS' TRAINING CORPS, OR ROTC; THE UNITED STATES MILITARY ACADEMY--WEST POINT; OFFICER CANDIDATE SCHOOL (OCS); AND DIRECT APPOINTMENT. EACH SOURCE OF COMMISSION SERVES AN ESSENTIAL PURPOSE. THE PROGRAMS ARE NOT IN COMPETITION WITH ONE ANOTHER--THEY ARE COMPLEMENTARY. EACH MAKES A UNIQUE CONTRIBUTION TO THE ANNUAL REQUIREMENT TO SUSTAIN THE OFFICER CORPS.

ROTC PROVIDES A LINK BETWEEN THE ARMY AND THE NATION THROUGH THE OVER 400 ROTC DETACHMENTS ON COLLEGE CAMPUSES ACROSS THE LAND, WHERE LARGE NUMBERS OF YOUNG AMERICANS--BOTH WITHIN THE PROGRAM AND WITHOUT--HAVE CONTACTS WITH THE MILITARY THEY WOULD NOT OTHERWISE HAVE. ROTC PROVIDES A VARIABLE NUMBER OF COMMISSIONED OFFICERS FOR BOTH THE ACTIVE AND RESERVE COMPONENTS. IT IS THE ARMY'S PRINCIPAL SOURCE FOR BOTH COMPONENTS. FLEXIBILITY IS A CENTRAL ATTRIBUTE OF ROTC. THE NUMBER OF GRADUATES COMMISSIONED, THEIR COMPONENT, AND THE DURATION OF THEIR TOURS CAN BE ADJUSTED TO MEET ANNUAL MANPOWER OBJECTIVES. ROTC SCHOLARSHIPS CHANNEL CADETS INTO THOSE DISCIPLINES WHICH ARE MOST RELEVANT TO THE ARMY'S NEEDS. THE PROGRAM WILL NORMALLY COMMISSION AND ACTIVATE ONLY THOSE CADETS DEMONSTRATING THE GREATEST POTENTIAL.

THE UNITED STATES MILITARY ACADEMY (USMA) EXISTS TO PROVIDE AN ASSURED SOURCE OF LEADERS RESPONSIVE TO CONGRESS AND THE ARMY. USMA COMMISSIONS APPROXIMATELY 40 PERCENT OF THE BASIC BRANCH REGULAR ARMY OFFICERS, AND ABOUT 15 PERCENT OF THE TOTAL ACTIVE DUTY OFFICERS, ACCESSED EACH YEAR. GRADUATES RECEIVE A BROAD ACADEMIC AND MILITARY EDUCATION TAILORED TO MEET THE ARMY'S NEEDS. EACH CLASS REFLECTS THE ARMY'S REQUIREMENT FOR, AND

COMMITMENT TO, MINORITIES AND WOMEN IN THE MILITARY. USMA PROVIDES A CONTROLLED AND RELIABLE SOURCE OF OFFICER LEADERSHIP. IT IS DIRECTLY RESPONSIVE TO THE EXECUTIVE AND LEGISLATIVE ARMS OF THE GOVERNMENT, INSULATED FROM LOCAL WHIMS CAUSED BY MOMENTARY POPULARITY OF THE MILITARY AS AN INSTITUTION. THE ACADEMY IS A NATIONAL RESOURCE. USMA IS COMMITTED TO QUALITY IN ALL ASPECTS OF LEADER DEVELOPMENT. THE OFFICER CORPS ASPIRES TO EXCELLENCE AND MEASURES ITS PROGRESS IN LIGHT OF THE IDEALS EMBODIED IN: "DUTY, HONOR, COUNTRY." THUS, ALL OFFICERS CONTRIBUTE, GAIN RESPONSIBILITY, AND SERVE FOR A LIFETIME GUIDED BY THE PRINCIPLES OF LEADERSHIP AND STANDARDS OF COMPETENCE GENERATED AND SUSTAINED BY WEST POINT.

THROUGH OCS, SOLDIERS CAN ASPIRE TO A COMMISSION. THE SCHOOL PROVIDES CANDIDATES WITH BASIC KNOWLEDGE AND SKILLS DEMANDED OF JUNIOR OFFICERS. IN A MOBILIZATION SITUATION, OCS IS RAPIDLY RESPONSIVE TO THE REQUIREMENT TO INCREASE THE INCOMING FLOW OF COMPANY GRADE OFFICERS. THEREFORE, IT IS IMPORTANT THAT IT BE MAINTAINED IN SOME FORM IN PEACE--KEEPING THE PRODUCTION LINE WARM--IN ORDER TO ENSURE THE ARMY CAN MOBILIZE A WARTIME FORCE STRUCTURE. OCS IS CURRENTLY BEING MAINTAINED AT MINIMAL LEVELS AND IS AVAILABLE FOR RAPID EXPANSION IN A NATIONAL CRISIS SITUATION.

THE DIRECT APPOINTMENT IS THE PRIMARY MEANS BY WHICH THE ARMY COMMISSIONS OFFICERS IN THE SPECIAL BRANCHES--MEDICAL, DENTAL, JUDGE ADVOCATE, AND CHAPLAIN.

CONGRESSIONAL SUPPORT OF THESE OFFICER PROCUREMENT PROGRAMS WILL ENSURE CONTINUATION OF THE QUALITY FORCE SO DILIGENTLY BUILT WITH YOUR HELP DURING THE 1980'S. I WOULD LIKE TO FOCUS MY REMARKS THIS MORNING ON THE ARMY'S THREE PRINCIPAL SOURCES OF LINE OFFICERS, THE RESERVE OFFICERS' TRAINING CORPS, THE UNITED STATES MILITARY ACADEMY, AND OUR OFFICER CANDIDATE SCHOOL.

RESERVE OFFICERS' TRAINING CORPS (ROTC)

THE ARMY'S RESERVE OFFICERS' TRAINING CORPS WAS CODIFIED WITH THE PASSAGE OF THE NATIONAL DEFENSE ACT OF 1916. FOUR YEARS LATER, A GROUP OF 133 YOUNG MEN BECAME THE FIRST TO EARN ARMY COMMISSIONS THROUGH ROTC. TODAY, THE ARMY'S ROTC PROGRAM IS OPERATED BY THE UNITED STATES ARMY ROTC CADET COMMAND. THIS ORGANIZATION WAS OFFICIALLY ACTIVATED AT FORT MONROE, VIRGINIA IN THE SPRING OF 1986 WITH THE MISSION OF MEETING THE ARMY'S NEED OF COMMISSIONING SUPERIOR LEADERS FOR THE TOTAL ARMY. THE COMMAND IS ACTIVE IN ALL FIFTY STATES, THE DISTRICT OF COLUMBIA, PUERTO RICO, AND GUAM. THE ORGANIZATION CONSISTS OF FOUR CADET BRIGADES, 315 CADET BATTALIONS, AND 101 EXTENSION CENTERS MANNED

BY OVER 2400 ACTIVE AND RESERVE OFFICERS, NEARLY 1400 NONCOMMISSIONED OFFICERS, AND MORE THAN 800 CIVILIAN EMPLOYEES. CURRENT CADET ENROLLMENT IS APPROXIMATELY 55,000. TODAY, NEARLY FOUR YEARS AFTER THE COMMAND'S INCEPTION, THE QUALITY OF ROTC TRAINED ARMY LIEUTENANTS HAS NEVER BEEN BETTER. CADET COMMAND HAS IN PLACE THE TRAINING PROGRAMS AND MANAGEMENT SYSTEMS TO ENSURE THAT MOLDING OF OFFICERS STEEPED IN THE WARRIOR-LEADER ETHIC WILL CONTINUE.

THE CADET COMMAND HAS EXCELLED SINCE IT INCEPTION. THE ORGANIZATION HAS COMMISSIONED MORE THAN 32,000 OFFICERS OVER THE PAST FOUR YEARS, AN AVERAGE OF 8,000 PER YEAR. MOST OF THESE FINE YOUNG MEN AND WOMEN ARE STILL STATIONED AROUND THE WORLD, IN BOTH ACTIVE AND RESERVE UNITS, AS GUARDIANS OF PEACE AND FREEDOM. RECENTLY, A NUMBER SERVED WITH DISTINCTION AND HONOR IN OPERATION JUST CAUSE DEMONSTRATING THE STRENGTH AND TECHNICAL PROFICIENCY GARNERED FROM THEIR TOUGH AND REALISTIC TRAINING IN THE ROTC.

THE CADET COMMAND HAS CRAFTED A STATE OF THE ART "GOLDSTRIKE MANAGEMENT SYSTEM" TO ENHANCE PRECOMMISSIONING LEADERSHIP DEVELOPMENT THROUGHOUT THE ARMY. IN ADDITION TO ITS COMMAND OF ROTC UNITS WORLDWIDE, THE COMMAND IS THE U.S. ARMY TRAINING AND DOCTRINE COMMAND'S (TRADOC) PROPONENT FOR ALL ARMY FEDERALLY OPERATED COMMISSIONING PROGRAMS AND ASSISTS THE STATES WITH THEIR ARMY NATIONAL GUARD OCS TRAINING.

IN THIS CAPACITY THE CADET COMMAND HAS DEVELOPED A CAMPAIGN PLAN, HOW TO FIGHT MANUALS, AND AN ASSESSOR HANDBOOK WHICH DELINEATES CONCISE, REALISTIC AND ACHIEVABLE DOCTRINE, TACTICS, TECHNIQUES, AND PROCEDURES DESCRIBING HOW TO CONDUCT PRECOMMISSIONING TRAINING. THE EMPHASIS IS ON PERFORMING AND EVALUATING LEADERSHIP TASKS IN A SIMULATED COMBAT ENVIRONMENT. ENSURING A VIABLE LINK BETWEEN CADET AND TRAINING OFFICER IS ALSO A VITAL COMPONENT OF THE SYSTEM.

THE CADET COMMAND HAS DEVELOPED A METHOD OF CONTINUOUSLY ASSESSING AND EVALUATING CADETS CALLED THE PRECOMMISSIONING ASSESSMENT SYSTEM. IT BEGINS WITH THE QUALIFYING PHASE, THE BASIC COURSE, AND CONTINUES THROUGH THE CADET'S LEADERSHIP EVALUATION PHASE, CONSISTING OF THE THIRD YEAR OF CAMPUS TRAINING AND ADVANCED CAMP. IT CULMINATES DURING THE FINAL YEAR OF ROTC, THE ACCESSION BOARD PHASE. THIS CYCLICAL PROCESS OF PROGRESSIVE EVALUATION AND FEEDBACK ENSURES THAT ONLY QUALITY LIEUTENANTS ARE COMMISSIONED.

THE ACCESSION BOARD ACTION COMPLETES THE TRANSITION FROM BEING A CADET TO BECOMING AN OFFICER. THE CADET COMMAND RANK ORDERS ALL CADETS IN A SINGLE ORDER OF MERIT LIST (OML). EACH CADET IS RANKED ON THE BASIS OF THEIR CAMP PERFORMANCE, EVALUATION BY THE PROFESSOR OF MILITARY SCIENCE, AND ACADEMIC ACHIEVEMENT. THE COMPLETED LIST IS FORWARDED TO OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL AT HEADQUARTERS, DEPARTMENT OF THE ARMY WHERE SELECTIONS ARE MADE FOR ACTIVE DUTY, RESERVE COMPONENT DUTY, AND EDUCATIONAL DELAY. SPECIFIC ARMY BRANCH ASSIGNMENTS ARE ALSO MADE AT THIS TIME.

WHILE PREPARING MEN AND WOMEN TO BE UNIT LEADERS IS THE PRIMARY MISSION OF THE CADET COMMAND, A NUMBER OF "SPECIAL" PROGRAMS ARE ALSO ADMINISTERED TO MEET THE LONG-TERM NEEDS OF OUR NATION.

THE ROTC NURSING PROGRAM HAS PRODUCED EXCEPTIONAL NURSE CORPS OFFICERS SINCE 1982. MORE THAN 350 ACCREDITED COLLEGES' AND UNIVERSITIES' BACCALAUREATE NURSING PROGRAMS HAVE AFFILIATION WITH ROTC THROUGH SCHOLARSHIPS TO HIGH SCHOOL AND COLLEGE STUDENTS. SPECIAL EMPHASIS IS BEING PLACED ON ENROLLING ENLISTED MEDICS WHO ARE LEAVING ACTIVE DUTY. THE LEADERSHIP AND MANAGEMENT SKILLS LEARNED ON CAMPUS ARE ENHANCED WITH A SUMMER CAMP THAT INCORPORATES BOTH A MILITARY SKILLS FIELD PHASE AND CLINICAL HANDS-ON EXPERIENCE.

CADET COMMAND IS ALSO PROUD OF ITS AFFILIATION WITH THE HISTORICALLY BLACK COLLEGES AND UNIVERSITIES WHICH HAVE CADET BATTALIONS AS PART OF THEIR WELL-ROUNDED CAMPUS ACTIVITIES. IN A TYPICAL YEAR, ALMOST HALF OF THE BLACK MEN AND WOMEN WHO EARN COMMISSIONS THROUGH ARMY ROTC ARE GRADUATES OF THE 20 SCHOOLS WHICH MAKE UP THE HISTORICALLY BLACK COLLEGE AND UNIVERSITY COMMUNITY.

IN ADDITION TO THE ROTC PROGRAM AT THE COLLEGE AND UNIVERSITY LEVEL, THE CADET COMMAND ALSO ADMINISTERS THE JUNIOR ROTC PROGRAM, DESIGNED TO TEACH THE VALUES OF GOOD CITIZENSHIP, TO HIGH SCHOOL STUDENTS.

THE JUNIOR ROTC PROGRAM IS ACTIVE ON MORE THAN 800 HIGH SCHOOL CAMPUSES IN THE UNITED STATES, AMERICAN SAMOA, GUAM, PUERTO RICO, AND THE AMERICAN VIRGIN ISLANDS. THE PROGRAM IS ALSO AVAILABLE TO STUDENTS ATTENDING AMERICAN HIGH SCHOOLS IN THE FEDERAL REPUBLIC OF GERMANY, THE REPUBLIC OF KOREA, AND THE REPUBLIC OF PANAMA. THE PROGRAM CONTINUES TO GROW IN POPULARITY WITH MORE THAN 150 SCHOOLS HAVING ESTABLISHED UNITS IN THE PAST FIVE YEARS.

AMONG THE CHARACTER TRAITS EMPHASIZED IN JUNIOR ROTC ARE PATRIOTISM, LEADERSHIP, PHYSICAL FITNESS, THE ABILITY TO COMMUNICATE EFFECTIVELY, AN APPRECIATION FOR THE ROLE OF THE US ARMY IN SUPPORT OF NATIONAL OBJECTIVES, AND A KNOWLEDGE OF BASIC MILITARY SKILLS. THE JUNIOR ROTC CADETS ARE TAUGHT THESE VALUABLE SKILLS PRIMARILY BY RETIRED ARMY OFFICERS AND

NONCOMMISSIONED OFFICERS.

AS PART OF ITS MISSION TO MOTIVATE YOUNG PEOPLE TO BE BETTER AMERICANS, ARMY JUNIOR ROTC HAS JOINED THE PRESIDENT'S WAR ON DRUGS. OPERATION CAPITAL HAS BEEN IMPLEMENTED IN THE DISTRICT OF COLUMBIA SCHOOL SYSTEM TO COMBAT ILLEGAL DRUGS, INCREASE GRADUATION RATES AND PROVIDE CHARACTER VALUE AND EDUCATION. OPERATION CAPITAL WILL BE EXPANDED TO ADDITIONAL CITIES AS THE ARMY SERVES AMERICA'S SOCIETAL INTEREST IN PARTNERSHIP WITH THE NATION'S EDUCATORS.

UNITED STATES MILITARY ACADEMY

THE OLDEST AND RICHEST IN TRADITION OF ALL THE SERVICE ACADEMIES, WEST POINT IS LOCATED ON A SITE HOLDING STRATEGIC IMPORTANCE FOR AMERICAN TROOPS DURING THE AMERICAN REVOLUTION. GENERAL GEORGE WASHINGTON PERSONALLY SELECTED THE SITE FOR THE NATION'S FIRST MILITARY ACADEMY. AN ACT OF CONGRESS IN 1802 FOUNDED THE ACADEMY WITH A CHARTER TO EDUCATE AND TRAIN THE CORPS OF CADETS SO THAT EACH GRADUATE SHALL HAVE THE ATTRIBUTES ESSENTIAL TO PROFESSIONAL GROWTH AS AN OFFICER OF THE REGULAR ARMY, AND TO INSPIRE EACH GRADUATE TO A LIFETIME OF SERVICE TO THE NATION. PRESIDENT JEFFERSON DIRECTED ITS FORMAL OPENING ON JULY 4, 1802. THE ACADEMY CONSIDERS ITS PRIMARY STRENGTH TO BE ITS ABILITY TO PROVIDE LEADERS READY TO COPE WITH THE PROBLEMS OF EACH GENERATION. BUSY AS THEY ARE, CADETS TAKE TIME TO REMEMBER THE NAMES OF THOSE WHO PROCEEDED THEM: GRANT, LEE, PERSHING, MACARTHUR, EISENHOWER, BRADLEY, PATTON. CADETS TAKE WEST POINT'S HISTORY AND THEIR POTENTIAL TO BE PART OF IT SERIOUSLY.

THE WEST POINT CORPS OF CADETS IS ORGANIZED INTO A BRIGADE OF OVER 4500 YOUNG MEN AND WOMEN. THE BRIGADE IS ORGANIZED INTO 12 BATTALIONS COMPOSED OF 3 COMPANIES EACH. THESE 36 COMPANIES ARE THE HUBS OF CADET LIFE AND ARE WHERE CADETS PARTICIPATE IN ATHLETICS, PARADES, AND MILITARY TRAINING. THE ACADEMIC STRUCTURE OF THE ACADEMY IS OPERATED BY A STAFF, FACULTY, AND SUPPORT ORGANIZATION OF 1266 MILITARY AND 2116 CIVILIANS. EACH YEAR APPROXIMATELY 950 CADETS GRADUATE FROM WEST POINT.

MINORITIES MADE THEIR PLACE AT WEST POINT DECADES AGO. NO LONGER IS EACH MINORITY ACHIEVEMENT TOUTED AS A FIRST. TODAY, MINORITIES ACCOUNT FOR JUST UNDER 20 PERCENT OF THE CORPS OF CADETS. AMONG THE MORE CONTEMPORARY EQUAL OPPORTUNITY ASPECTS OF WEST POINT IN THE PAST DECADE HAS BEEN THE ADMISSION OF WOMEN. WOMEN HAVE PROVEN THAT THEY CAN COMPETE AT THE ACADEMY ON AN EQUAL FOOTING WITH MEN. TODAY, WOMEN ARE AN INTEGRAL PART OF THE CORPS. EVERYTHING IS THE SAME EXCEPT PHYSICAL EDUCATION WHERE

ADJUSTMENTS HAVE BEEN MADE TO COMPENSATE FOR THE PHYSIOLOGICAL DIFFERENCES BETWEEN MEN AND WOMEN.

FOLLOWING THE REVOLUTIONARY WAR, THE NATURE OF THE AMERICAN REPUBLIC DEMANDED THAT ARMY OFFICERS HAVE A STRONG BELIEF IN DEMOCRATIC VALUES AND UNQUESTIONED CHARACTER. AS OUR NATION HAS GROWN AND MATURED, THE NEED TO EDUCATE, TRAIN, AND INCULCATE THESE VALUES AMONG ARMY OFFICERS HAS ENDURED. WEST POINT FULFILLS ITS MISSION BY STIMULATING ACADEMIC AND INTELLECTUAL GROWTH, AND PERSONAL SELF-DEVELOPMENT, ATTRIBUTES THAT ARE ESSENTIAL TO HIGH-LEVEL LEADERSHIP RESPONSIBILITY IN SERVING OUR NATION. THE ACADEMIC AND MILITARY TRAINING PROGRAMS ARE CHALLENGING, AS THEY SHOULD BE. ARMY OFFICERS MUST BE ABLE TO REACT TO STRESS AND EARN THE RESPECT OF THE MEN AND WOMEN THEY COMMAND.

THE ACADEMY'S ACADEMIC CURRICULUM REFLECTS THE CONTEMPORARY ADVANCES IN HIGHER EDUCATION AND THE CURRENT AND PROJECTED NEEDS OF THE MILITARY PROFESSION. THE CURRICULUM INCLUDES COURSES FROM THE HUMANITIES, THE SOCIAL SCIENCES, THE SCIENCES, AND ENGINEERING DISCIPLINES WHICH FORM THE FOUNDATION OF PROFESSIONAL DEVELOPMENT. THE CURRICULUM ESSENTIALLY CONSISTS OF TWO COMPLEMENTARY PARTS: A PRESCRIBED CORE PROGRAM AND AN INDIVIDUALLY TAILORED ELECTIVE PROGRAM. BROAD AND GENERAL IN SCOPE, THE CORE PROGRAM GIVES CADETS A FUNDAMENTAL KNOWLEDGE IN THE ARTS AND SCIENCES. THE ELECTIVE PROGRAM ALLOWS CADETS TO CONCENTRATE IN A FIELD OF SPECIAL INTEREST OR APTITUDE. CADETS CAN CHOOSE FROM ONE OF MORE THAN 26 GENERAL FIELDS OF STUDY AND 17 OPTIONAL MAJORS, WITHIN MORE SPECIFIC CONCENTRATIONS AVAILABLE WITHIN EACH FIELD OR MAJOR, OFFERED AT WEST POINT. THE MILITARY ACADEMY IS ACCREDITED BY THE MIDDLE STATES ASSOCIATION OF COLLEGES AND SCHOOLS. IN ADDITION, FOUR ENGINEERING MAJORS: CIVIL, MECHANICAL, ELECTRICAL, AND ENGINEERING MANAGEMENT, ARE ACCREDITED BY THE ACCREDITATION BOARD FOR ENGINEERING AND TECHNOLOGY (ABET). AT GRADUATION, A BACHELOR OF SCIENCE DEGREE IS AWARDED WITH A CADETS FIELD OF STUDY OR OPTIONAL MAJOR NOTED ON THEIR TRANSCRIPT.

UPON GRADUATING, CADETS ARE COMMISSIONED IN ONE OF SEVERAL ARMY BRANCHES OF SERVICE. CADETS MAY CHOOSE A COMBAT ARMS BRANCH SUCH AS INFANTRY, AVIATION, FIELD ARTILLERY, ARMOR, AIR DEFENSE ARTILLERY, OR ENGINEERS. THEY MAY CHOOSE A COMBAT SUPPORT BRANCH SUCH AS SIGNAL, MILITARY POLICE, CHEMICAL, OR MILITARY INTELLIGENCE. OR A CADET MAY DECIDE ON ONE OF THE COMBAT SERVICE SUPPORT BRANCHES SUCH AS ORDNANCE, QUARTERMASTER, TRANSPORTATION, ADJUTANT GENERAL, OR FINANCE. OPPORTUNITIES ARE ALSO AVAILABLE LATER IN A CADETS CAREER FOR MEDICAL SERVICE CORPS OR THE JUDGE

ADVOCATE GENERAL CORPS. DURING THE FINAL YEAR AT THE ACADEMY CLASSES AND SEMINARS ARE CONDUCTED TO FAMILIARIZE CADETS WITH ALL OF THEIR CAREER OPTIONS. EACH BRANCH OF THE ARMY OFFERS MANY PROFESSIONAL OPPORTUNITIES, AND CADETS CAN EXPECT TO ADVANCE TO POSITIONS OF GREATER RESPONSIBILITY BASED ON THEIR ABILITIES.

BEFORE LEAVING THE TOPIC OF WEST POINT, LET ME TOUCH ON ANOTHER ISSUE AFFECTING THE ACADEMY. THERE IS A NEED TO ATTRACT QUALITY OFFICERS AS ROLE MODELS AND INSTRUCTORS FOR THE ARMY'S FUTURE OFFICER CORPS AT WEST POINT. THE ACADEMY HAS FOR YEARS PROVIDED CAREER DEVELOPMENT OPPORTUNITIES FOR THOSE ASSIGNED AS CADRE. ONE OF THESE PROGRAMS, CALLED LEADERSHIP DEVELOPMENT, HAS BEEN A MASTER LEVEL EDUCATION PROGRAM; HOWEVER, BECAUSE OF CURRENT LEGISLATIVE LANGUAGE, IT HAS BEEN UNABLE TO GRANT MASTER'S DEGREE TO GRADUATES FOR THEIR EFFORTS. THIS NEEDS TO BE CHANGED, AS THE PROGRAM IS A SIGNIFICANT TOOL FOR ATTRACTING QUALITY OFFICERS TO SERVE AT WEST POINT. A COST SAVINGS COULD ALSO BE REALIZED BY EDUCATING THE TACTICAL OFFICER AT THE ACADEMY.

OFFICER CANDIDATE SCHOOL (OCS)

LET ME BRIEFLY TOUCH ON THE MOST FLEXIBLE SOURCE OF COMMISSIONED OFFICERS--THE OFFICER CANDIDATE SCHOOL, LOCATED AT FORT BENNING, GEORGIA. OCS FILLS AN IMPORTANT NEED FOR THE ARMY. IT PERMITS UPWARD MOBILITY FOR ENLISTED SOLDIERS WITH THE REQUISITE EDUCATION AND DEMONSTRATED LEADERSHIP ABILITIES TO EARN A COMMISSION IN THE ARMY. PERHAPS MOST IMPORTANTLY THOUGH, OCS PROVIDES A VITAL AND HIGHLY RESPONSIVE MECHANISM TO PROVIDE A LARGE FLOW OF JUNIOR OFFICERS IN TIME OF MOBILIZATION.

IN THE POST WORLD WAR II ERA, OCS PLAYED A KEY ROLE IN PROVIDING ARMY OFFICERS DURING THE VIETNAM CONFLICT. FROM A 1963 PRE-VIETNAM OUTPUT OF LESS THAN 800 SECOND LIEUTENANTS PER YEAR TO A 1967 PEAK OF NEARLY 20,000, OCS PROVED ITS CAPABILITY TO RESPOND QUICKLY AND EFFECTIVELY TO NATIONAL NEEDS TO TRAIN JUNIOR LEADERS. JUST AS OCS REACTED QUICKLY TO RAMP-UP THE NUMBER OF OFFICERS PRODUCED TO MEET REQUIREMENTS DURING THE VIETNAM CONFLICT, IT WAS EQUALLY EFFICIENT IN REDUCING OUTPUT TO MEET DECLINING NEEDS. OUTPUT WAS CUT TO LESS THAN 3000 OFFICERS IN 1971 AND TO JUST OVER 300 IN 1974. SINCE THEN, OCS TRAINING HAS BEEN CAREFULLY TAILORED TO MEET THE SPECIFIC NEEDS OF THE ACTIVE AND RESERVE COMPONENTS. IN THE LAST FOUR YEARS, OCS GRADUATIONS HAVE DECLINED STEADILY FROM 1000 LIEUTENANTS TO A PROJECTED 400 THIS YEAR.

HOW SHOULD WE MANAGE THE DRAWNDOWN IN OFFICER ACCESSIONS?

SIGNIFICANT VARIATIONS IN ANNUAL OFFICER ACCESSIONS ARE UNDESIRABLE. THEY CAUSE LONG-TERM OFFICER MANAGEMENT PROBLEMS AND ADVERSELY AFFECT MORALE AND ESPRIT OF THE CADETS AND CANDIDATES VYING FOR ARMY COMMISSIONS. REDUCTIONS IN OFFICER STRENGTH SHOULD BE PROGRAMMED IN ADVANCE AND PROJECTED AS FAR INTO THE FUTURE AS POSSIBLE TO ENABLE DEVELOPMENT OF PRUDENT PERSONNEL MANAGEMENT STRATEGIES. WHEN REDUCED OFFICER ACCESSIONS ARE INCORPORATED IN A COORDINATED STRENGTH REDUCTION PLAN, SEVERAL FACTORS MUST BE CONSIDERED: FLEXIBILITY AND RESPONSIVENESS TO CONTINGENCIES, COSTS, AND SHORT AND LONG-TERM IMPACTS ON THE ARMY. IN VIEW OF THESE FACTORS, THE ARMY IS ABLE TO MANAGE ITS PROCUREMENT OF OFFICERS FROM IT VARIOUS SOURCES.

ROTC AFFORDS A FLEXIBLE AND RESPONSIVE MEANS OF REDUCING OFFICER ACCESSIONS WHILE PROVIDING OUTSTANDING GRADUATES THE OPPORTUNITY TO SERVE ON ACTIVE DUTY. WHILE IT MAY BECOME NECESSARY FOR BUDGET REASONS TO CLOSE SOME OF THE SMALLER ROTC UNITS, IT WOULD BE PREFERABLE TO CONTINUE A BROAD BASED APPROACH BECAUSE IT LINKS THE ARMY DIRECTLY WITH THE PEOPLE OF THE NATION, IN COMMUNITIES THROUGHOUT THE UNITED STATES. WE ARE FINE TUNING THE NUMBER OF TWO, THREE, AND FOUR YEAR SCHOLARSHIPS TO MEET EXPECTED ACCESSION NEEDS.

IT IS NOT EFFECTIVE, FROM A RESOURCE PERSPECTIVE, FOR THE MILITARY ACADEMY TO CONTRIBUTE TO NEAR-TERM REDUCTIONS IN OFFICER ACCESSIONS. WEST POINT IS A LONG LEAD-TIME SOURCE OF OFFICERS. THE GREATEST BENEFITS ACCRUE TO THE ARMY WHEN THE ACADEMY IS OPERATED AT AN OPTIMAL CAPACITY. THE MILITARY ACADEMY PROGRAM SHOULD BE MAINTAINED AT A STEADY STATE REGARDLESS OF MINOR VARIATIONS IN THE ARMY'S ANNUAL MANPOWER PROGRAM, TO HELP ASSURE THE QUALITY CONGRESS AND THE COUNTRY DEMAND. OF COURSE, A SIGNIFICANT REDUCTION IN THE SIZE OF THE OFFICER CORPS, SUCH AS WE ARE FACING IN THE FUTURE, MAY IMPACT ON THE APPROPRIATE SIZE OF THE ACADEMY'S "STEADY STATE" ENROLLMENT.

OCS IS THE MOST FLEXIBLE AND RESPONSIVE SOURCE OF COMMISSIONED OFFICERS. HOWEVER, AS MENTIONED EARLIER IT IS CURRENTLY OPERATING NEAR A MINIMAL PEACETIME LEVEL. OCS PROVIDES THE ABILITY TO EXPAND PRODUCTION MOST RAPIDLY DURING MOBILIZATION.

RETENTION RATES

THERE IS NO MEANINGFUL ANSWER TO THE QUESTION: "...ARE THE ROTC AND WEST POINT RETENTION RATES GOOD OR BAD?" IN FACT, THERE

IS NO MANAGEMENT OBJECTIVE FOR RETENTION OF OFFICERS BY SOURCE OF COMMISSION. THE ARMY MANAGES ITS OFFICER CORPS BY COMPETITIVE CATEGORY, AND WITHIN EACH COMPETITIVE CATEGORY BY SKILL AND CAREER FIELD. WE CAN AND DO REVIEW RETENTION RATES BY SOURCE OF COMMISSION TO MONITOR TRENDS, RECOGNIZING THAT RETENTION IS MORE OFTEN A FUNCTION OF THE DEMAND FOR SKILLS, BOTH INSIDE AND OUTSIDE THE ARMY, THAN A PRODUCT OF COMMISSIONING SOURCE. DURING A RECENT REVIEW OF RETENTION TRENDS WE SAW THE FOLLOWING: ROTC REGULAR ARMY COMMISSIONED COMPANY GRADE OFFICERS ARE RETAINED AT A SLIGHTLY HIGHER RATE THAN WEST POINT COMPANY GRADE OFFICERS (ALL ARE REGULAR ARMY), WEST POINT FIELD GRADE OFFICERS ARE RETAINED AT A SLIGHTLY HIGHER LEVEL THAN ROTC FIELD GRADE OFFICERS, AND, OVERALL, THERE IS NO STATISTICALLY SIGNIFICANT DIFFERENCE IN ROTC AND MILITARY ACADEMY RETENTION RATES.

CONCLUSION

OUR COMMISSIONING PROGRAMS ARE NOT IN COMPETITION WITH EACH OTHER. EACH PROGRAM IS TAILORED TO MEET A DIFFERENT, AND VALID, NEED OF THE ARMY. TOGETHER THEY PROVIDE A QUALITY OFFICER CORPS DEDICATED TO SELFLESS SERVICE. THEY ALSO ALLOW DIVERSITY IN THE MAKEUP OF THE OFFICER CORPS.

THE ROTC PROGRAM PROVIDES BROAD-GAUGED OFFICERS EDUCATED IN AMERICA'S PUBLIC AND PRIVATE COLLEGES AND UNIVERSITIES. THEY ARE TRAINED IN MILITARY LEADERSHIP BY OUTSTANDING ARMY OFFICERS AND NONCOMMISSIONED OFFICERS USING A COMPREHENSIVE MILITARY TRAINING PROGRAM. THEY BRING TO THE OFFICER CORPS THE OUTLOOKS, ATTITUDES, AND EXPERIENCES AND EXPECTATIONS OF CONTEMPORARY AMERICA'S CITIES, HEARTLAND, AND WIDE OPEN SPACES AND ARE PRODUCTS OF THE ARMY'S PARTNERSHIP WITH THE CIVILIAN COMMUNITY.

WEST POINT PRODUCES OFFICERS STEEPED IN THE MILITARY TRADITIONS OF THE NEARLY 200 YEAR OLD ACADEMY. IT ALLOWS FOUR YEARS OF FOCUSED STUDY IN A FULL-TIME MILITARY ENVIRONMENT BUILT ON A DAILY REGIMEN OF DISCIPLINE.

OFFICER CANDIDATE SCHOOL PRESERVES THE AMERICAN TRADITION OF ALLOWING INDIVIDUALS TO RISE TO THEIR FULL POTENTIAL. IT IS THE CONDUIT FOR SERVING ENLISTED SOLDIERS TO ADVANCE TO THE OFFICER RANKS. MOREOVER, IT IS THE NATION'S PRIMARY SOURCE OF COMBAT LEADERS DURING MOBILIZATION. MANY DISTINGUISHED WAR HEROS WERE THE PRODUCT OF OCS.

AGAIN, LET ME EMPHASIZE THAT EACH OF THESE PROGRAMS PRODUCES TOP QUALITY OFFICERS. A MEASURE OF THEIR SUCCESS IS THE RISE OF EACH PROGRAM'S ALUMNI THROUGH THE RANKS TO GENERAL. TODAY, 60 PERCENT OF OUR LINE ACTIVE DUTY GENERAL OFFICERS WERE COMMISSIONED THROUGH ROTC, 30 PERCENT THROUGH THE MILITARY

ACADEMY, AND 10 PERCENT WERE COMMISSIONED FROM OCS.

CLEARLY THESE PROGRAMS ARE COMPLEMENTARY. THEIR INDIVIDUAL AND COMBINED CONTRIBUTIONS TO THE NATION OVER THE YEARS IS UNQUESTIONABLE.

TO A LARGE MEASURE, THE GLOBAL OUTBREAK OF PEACE, PROSPERITY, AND DEMOCRACY IS ATTRIBUTABLE TO THE MEN AND WOMEN OFFICERS OF THE ARMY, AND OUR SISTER SERVICES, THAT WERE TRAINED BY INSTITUTIONS SUCH AS THESE. IT IS IMPERATIVE THAT WE MAINTAIN A HARMONY IN THEIR ROLES AS SOURCES OF FUTURE ARMY OFFICERS.

THANK YOU FOR YOUR TIME TODAY MISTER CHAIRMAN. I AM PREPARED TO ANSWER YOUR QUESTIONS.

STATEMENT OF
MR. JEROME G. COOPER
DEPUTY ASSISTANT SECRETARY FOR MANPOWER RESERVE AFFAIRS, INSTALLATIONS & LOGISTICS
OFFICE OF THE SECRETARY OF THE AIR FORCE

MR CHAIRMAN AND MEMBERS OF THE COMMITTEE, I am pleased to have the opportunity to again appear before this committee to discuss officer procurement.

The decade ahead is one of great challenge. The threat is changing, as is the fiscal environment. We are committed to these changes and with your able assistance and guidance we envision the United States Air Force will be transformed into the size and scope that these new challenges dictate.

During the officer force reductions of the past few years, the Air Force used accessions as the principal means for reducing officer end strength levels. Since 1986 we have constrained about 9,000 line officer accessions in order to meet these lowered end strength objectives. By doing so we have reduced our officer training programs to their lowest levels ever. As the force continues to be drawn down, we are seeking some legislative relief to the Defense Officer Management Personnel Act, in concert with the other services, which will enable us to take a more balanced approach to lower accessions and increased experience losses.

These low accession years have not been without a price. The price has been extremely small year groups below force sustainment levels. These are the very same small year groups which we had to target this year for voluntary loss programs as we worked to solve for large dollar shortfalls within the Military Personnel Appropriation. The results of these actions will affect our structure and future experience levels for the next three decades.

The Air Force uses primarily three complementary officer accession programs--the U S Air Force Academy (USAFA), The Air Force Reserve Officer Training Corps (AFROTC), and the Officer Training School (OTS)--to meet specific Air Force needs and react smoothly to unforeseen changes in our officer requirements.

The mix among these accession programs will vary from year to year depending on USAFA production, the number of AFROTC commissionees waiting to enter active duty, and the number required from OTS to meet the end strength in that year. Each serves a vital role in providing the necessary ingredients of broad based backgrounds, education versatility, and career orientation necessary for the Air Force. Over the last twenty years the Air Force has brought to active duty an average of 6,700 new officers each year.

The Academy is our steady state officer source. Each graduate has completed a tough four year controlled program founded on the five pillars of excellence: academics, athletics, military training, spiritual development and ethical development. Graduates represent a highly motivated and knowledgeable source of commissioned officers who are committed to the values of our country. The education and training these young men and women receive becomes the professional standard as they are in a military training environment for four years. The Academy exists to provide an assured source of regular Air Force officers. It is a long lead time source and its production has remained relatively constant, 850-1000, since the mid-1970's and is forecast to remain stable. The Academy is most efficient when operating at capacity, as it is now.

Air Force ROTC is an on-campus companion to the traditional four year baccalaureate degree. AFROTC offers side-by-side college/ military training to 19,000 plus college students in 148 AFROTC detachments across the United States and Puerto Rico and commissioned 2,700 lieutenants in Fiscal Year 1989. AFROTC has three major attributes:

a. Linkage between the Air Force and the country--colleges across the country have AFROTC detachments, assuring that large numbers of young Americans have contact with the military;

b. Focus--AFROTC scholarships channel students into disciplines most relevant to the Air Force's current needs;

c. Increased flexibility--the number of graduates commissioned, their educational foundation and the duration of their tours can be adjusted to meet long term manpower objectives required by the Congress or mandated by mission changes.

Unique to the AFROTC program is its ability to attract and retain particular academic skills the Air Force needs through the scholarships it offers. Primarily, the skills the Air Force needs and gets through AFROTC are in the engineering and scientific/ technical areas. Without a healthy AFROTC scholarship program, we would be unable to attract the high quality technical talent we need.

AFROTC's average lead time is long, but not as extended as the Academy's. Consequently, we are able to adjust officer production to reduce the size of the AFROTC carryover pool, the number of commissioned AFROTC graduates awaiting entrance onto active duty. Additional flexibility is available to the Air Force because AFROTC cadets, once commissioned, are not accessed immediately. This pool of AFROTC officers waiting to go on active duty allows us to smooth flow our inputs to technical training programs--undergraduate pilot training (UPT), specialized undergraduate navigator training (SUNT), and missile crew training--instead of creating a "glut" in May and June, when all of the Academy and most of the AFROTC cadets are commissioned. In cases where initial technical training is not required, this "bow wave" also enables us to more precisely match each new officer's skills and interests with the needs of the Air Force. In periods of declining end strength, such as the one we have been in since Fiscal Year 1987, we carefully track the AFROTC bow wave and anticipate the effect reduced force structure will have so that we can be certain it will not become too large or the wait too long. For example, last year we accessed a relatively high number of AFROTC graduates, thus reducing the size of the carryover.

The OTS program is based on a "Leadership Laboratory" concept of "follow, then lead." The viability of OTS as a commissioning source is predicated on two elements. The first is its ability to attract, evaluate, train, and commission trainees who meet Air Force commissioning standards. The second is its ability to respond quickly to Air Force manpower requirements through providing execution year flexibility in times of need.

OTS is the primary tool used to effectively manage the officer end strength. It serves as the accordion of short term officer end strength management by flexing in response to more immediate manpower needs brought on by unforeseen losses or increased requirements until our long lead time commissioning sources can respond to the new requirements. Additionally, OTS has the unique capability to rapidly flex downward in response to upward retention swings and modest unprogrammed manpower reductions.

We are currently taking a very close look at the relative size of each of these programs in relation to our expected officer accessions needs. In looking to the future, the Air Force will be a smaller force. In this down sizing, we will strive to maintain the optimum balance of our officer accession sources.

In summary, the three commissioning sources function well together in providing newly commissioned, highly motivated officers to meet the wide range of skills and specialities to meet the needs of today's Air Force. Each source complements the others; and due to the uniqueness of each, we are able to modify the programs to meet the changing needs of today's Air Force.

Again Mr Chairman, I appreciate the opportunity to appear before the members of this committee. With your continued support, I am confident the Air Force officer procurement process will continue to produce the number and kinds of high quality officers needed to accomplish the Air Force mission.

STATEMENT OF
MRS BARBARA SPYRIDON POPE
ASSISTANT SECRETARY OF THE NAVY
(MANPOWER AND RESERVE AFFAIRS)

OFFICER PROCUREMENT

GOOD MORNING, MR. CHAIRMAN. I APPRECIATE THE OPPORTUNITY TO APPEAR BEFORE YOUR COMMITTEE AND TO DESCRIBE OFFICER PROCUREMENT PROGRAMS IN THE NAVY AND MARINE CORPS.

THERE ARE MORE THAN A DOZEN SOURCES OF OFFICER ACCESSIONS IN THE DEPARTMENT OF THE NAVY. I WILL FOCUS ON THOSE PROGRAMS WHICH PRODUCE THE LARGEST NUMBER OF OFFICERS: UNITED STATES NAVAL ACADEMY (USNA), NAVAL RESERVE OFFICER TRAINING CORPS (NROTC), OFFICER CANDIDATE SCHOOL (OCS), AVIATION OFFICER CANDIDATE SCHOOL (AOCS), OFFICER CANDIDATE COURSE (OCC), AND THE PLATOON LEADERS CLASS (PLC). THE DURATION OF TRAINING DIFFERS SIGNIFICANTLY AMONG

THESE PROGRAMS, BUT THE ULTIMATE OBJECTIVE OF EACH IS THE SAME: TO PREPARE YOUNG MEN AND WOMEN MENTALLY, MORALLY, AND PHYSICALLY TO BECOME PROFESSIONAL OFFICERS OF THE NAVY AND MARINE CORPS. EACH SOURCE FILLS A UNIQUE AND IMPORTANT NEED IN PRODUCING THE RIGHT NUMBER OF QUALITY OFFICERS WITH THE SKILLS REQUIRED TO OPERATE AND TO SUPPORT THE FLEET. ALTHOUGH THE EDUCATION OF THE INDIVIDUAL IS A MAJOR BENEFIT OF THE USNA AND NROTC PROGRAMS, THIS IS NOT WHAT MAKES THEM UNIQUE. INSTEAD, IT IS THE DEVELOPMENT OF A PROFESSIONAL MILITARY OFFICER TO WHOM THE AMERICAN PEOPLE WILL CONFIDENTLY ENTRUST THE LIVES AND WELL-BEING OF THEIR SONS AND DAUGHTERS WHO WILL SERVE UNDER THESE OFFICERS.

BELOW IS SHOWN THE RELATIVE MIX OF NAVY AND MARINE CORPS ANNUAL OFFICER ACCESSIONS AMONG THE VARIOUS SOURCES:

NAVY

	FY-89	FY-90	FY-91 PLANNED
US NAVAL ACADEMY	958 (15%)	950 (14%)	972 (16%)
NROTC	1618 (25%)	1637 (24%)	1589 (26%)
ENL COMM PROG (ECP)	98 (1%)	156 (2%)	115 (2%)
OFF CAND SCHOOL (OCS)	972 (14%)	571 (8%)	421 (7%)
ROC/AVROC	55 (1%)	74 (1%)	25 (.4%)
AOC/NFOC	568 (9%)	472 (7%)	275 (5%)
NAVCAD	106 (2%)	63 (1%)	68 (1%)
MERCH MARINE RECALL	33 (.5%)	30 (.5%)	30 (.4%)
FROM ENLISTED	583 (9%)	866 (12%)	840 (14%)
THE FOLLOWING SOURCES ARE USED PRIMARILY FOR MEDICAL ACCESSIONS			
RECALL	235 (3%)	125 (2%)	130 (2%)
INTERSERVICE TRANSFER	30 (.5%)	21 (.5%)	16 (.2%)
DIRECT PROCUREMENT	710 (11%)	1159 (17%)	944 (16%)
STUDENT OPTION	588 (9%)	760 (11%)	620 (10%)
TOTAL	6554 (100%)	6884 (100%)	6045 (100%)

MARINE CORPS

	FY-89	FY-90	FY-91 PLANNED
PLATOON LEADERS CLS	499 (29%)	665 (41%)	533 (31%)
OFF CAND CRS (OCC)	363 (21%)	232 (14%)	395 (23%)
ENL COMM PROG (ECP)	55 (3%)	34 (2%)	75 (4%)
MC ENL COMM ED PROG	62 (4%)	50 (3%)	46 (2.7%)
NROTC	352 (21%)	350 (22%)	341 (20%)
US NAVAL ACADEMY	112 (6.6%)	93 (5.9%)	110 (7%)
WARRANT OFFICER	249 (15%)	194 (12%)	200 (12%)
OTHER (OTH SERV ACADS AND INTERSERV TRFS)	6 (.4%)	2 (.1%)	5 (.3%)
TOTAL	1698 (100%)	1620 (100%)	1705 (100%)

EACH SOURCE FULFILLS A SPECIFIC NEED IN PRODUCING THE RIGHT NUMBER OF OFFICERS WITH THE CORRECT SKILLS TO BE LEADERS IN THE NAVAL SERVICE IN THE YEARS AHEAD. THE ACADEMY AND NROTC PROVIDE A RELATIVELY PREDICTABLE NUMBER OF EXCEPTIONALLY WELL-TRAINED PROFESSIONALS FOUR YEARS FROM THE TIME THEY ENTER AS MIDSHIPMEN. THESE INDIVIDUALS DO NOT CHOOSE THEIR SPECIFIC WARFARE SPECIALTY UNTIL A FEW MONTHS PRIOR TO COMMISSIONING. MIDSHIPMEN OPTING FOR MARINE COMMISSIONS SELECT THEIR MILITARY OCCUPATIONAL SPECIALTIES WHILE AT THE BASIC SCHOOL. TEMPERED BY THE NEEDS OF THE SERVICES, SELECTION OF WARFARE SPECIALTIES IS MADE BY ORDER OF MERIT, GIVING US AN OPTIMAL DISTRIBUTION OF SOLID LEADERSHIP AND EQUITABLE NUMBERS ACROSS THE WARFIGHTING SPECTRUM. THE MORE COMPRESSED PROGRAMS, SUCH AS OCS, AOCS, OCC, AND PLC, DO NOT PROVIDE SUCH EXTENSIVE IN-DEPTH TRAINING IN EITHER TECHNICAL OR LEADERSHIP SKILLS, BUT THEY DO PROVIDE THE NAVAL SERVICE WITH HIGH QUALITY OFFICERS. THESE PROGRAMS ARE ALSO A VALVE WHICH CAN BE OPENED OR CLOSED ON RELATIVELY SHORT NOTICE TO MEET THE NUMERICAL GOALS OF EACH COMMUNITY. THIS GIVES THE NAVY AND MARINE CORPS THE

FLEXIBILITY NEEDED TO MEET SURGE REQUIREMENTS FOR OFFICERS IN SPECIFIC SKILL AREAS. I WILL GIVE YOU AN OVERVIEW OF EACH OF OUR PRIMARY COMMISSIONING SOURCES. (KEEP IN MIND, PUBLIC LAW 101-189 CHANGES ACTIVE DUTY SERVICE OBLIGATIONS FOR SOME PROGRAMS EFFECTIVE 1 OCTOBER 1990.)

UNITED STATES NAVAL ACADEMY (USNA)

THIS IS THE UNDERGRADUATE COLLEGE OF THE NAVAL SERVICE. ITS BASIC MISSION IS "TO DEVELOP MIDSHIPMEN MORALLY, MENTALLY, AND PHYSICALLY, AND TO IMBUE THEM WITH THE HIGHEST IDEALS OF DUTY, HONOR, AND LOYALTY. IT PRODUCES GRADUATES WHO ARE DEDICATED TO A CAREER OF NAVAL SERVICE AND WHO HAVE THE POTENTIAL FOR FUTURE DEVELOPMENT IN MIND AND CHARACTER TO ASSUME THE HIGHEST RESPONSIBILITIES OF COMMAND, CITIZENSHIP, AND GOVERNMENT." THE CURRENT ACTIVE DUTY SERVICE OBLIGATION IS FIVE YEARS, HOWEVER, BEGINNING WITH THE CLASS OF 1996, THE ACTIVE DUTY OBLIGATION WILL BE SIX YEARS.

THE CURRICULUM IS RIGOROUS. IT IS DESIGNED TO DEVELOP THE "WHOLE OFFICER" - A MAN OR WOMAN WHO IS TECHNICALLY COMPETENT AND FULLY CAPABLE OF EMPLOYING SOME OF THE MOST SOPHISTICATED MILITARY EQUIPMENT AND SYSTEMS IN THE WORLD. IT ALSO CONCENTRATES ON DEVELOPING AN ABILITY TO LEARN QUICKLY, APPLY INDIVIDUAL CREATIVITY, AND ACT DECISIVELY WITH SOUND JUDGMENT. EXCEPT FOR THE LIMITS IMPOSED BY THE COMBAT EXCLUSION LAW, A GRADUATE CAN ENTER ANY OF THE WARFIGHTING OFFICER COMMUNITIES IN THE NAVY OR MARINE CORPS. THE DEPTH OF TRAINING RECEIVED APPLIES TO ALL COMMUNITIES AND MAY BE UTILIZED AT ANY POINT IN THE OFFICER'S CAREER.

THE QUALITY OF THE OFFICERS OBTAINED FROM THIS PROGRAM IS EXCELLENT. THE AVERAGE SCHOLASTIC APTITUDE TEST (SAT) SCORE FOR NAVAL ACADEMY APPOINTEES IN FY89 WAS 1224. THE NATIONAL SAT SCORE

AVERAGE FOR THAT YEAR WAS 906.

THE MARINE CORPS GETS A PERCENTAGE OF THE GRADUATES OF THE NAVAL ACADEMY, NOT TO EXCEED 16 2/3 PERCENT OF THE GRADUATING CLASS. THESE OFFICERS ATTEND A 6-WEEK "BULLDOG" TRAINING SESSION PRIOR TO BEING COMMISSIONED AS MARINE OFFICERS.

WHEN YOU LOOK AT THE COMPOSITION OF THE BRIGADE OF MIDSHIPMEN AT THE NAVAL ACADEMY, YOU SEE A CROSS-SECTION OF REPRESENTATION FROM ALL ACROSS AMERICA. THE ACADEMY CAN AFFORD TO BE EXTREMELY SELECTIVE IN CHOOSING THOSE WHO ENTER. ABOUT 15,000 YOUNG MEN AND WOMEN APPLY FOR ADMISSION EACH YEAR. ONLY ABOUT 2,400 MEET THE INTENSIVE MEDICAL, PHYSICAL APTITUDE, AND ACADEMIC STANDARDS WHICH MAKES A CANDIDATE QUALIFIED FOR ADMISSION. ABOUT 1,600 OF THESE BEST QUALIFIED CANDIDATES ARE OFFERED APPOINTMENTS AS MIDSHIPMEN. MIDSHIPMEN APPROPRIATELY COME FROM ALL FIFTY STATES AND FROM EVERY CULTURAL AND SOCIAL BACKGROUND -- THE OFFICERS OF THE NAVAL SERVICE ARE REPRESENTATIVES OF THE NATION AS A WHOLE. DESPITE THE DISPARITY OF BACKGROUNDS, HOWEVER, THEY ALL HAVE CERTAIN QUALITIES IN COMMON - QUALITIES THAT OUR FUTURE LEADERS MUST POSSESS: SOUND ACADEMIC PERFORMANCE, LEADERSHIP POTENTIAL, COMMITMENT TO EXCELLENCE, AND DEDICATION TO THE PRINCIPLES OF THOSE WHO HAVE PRECEDED THEM.

THE ATTRITION RATE FOR MIDSHIPMEN RUNS ABOUT 22 PERCENT OF THOSE WHO ENTER, ABOUT HALF OF WHOM VOLUNTARILY DROP OUT AND THE REMAINDER OF WHOM ARE DISENROLLED FOR ACADEMIC, DISCIPLINARY, OR MILITARY APTITUDE REASONS. THIS RATE IS CONSIDERABLY LOWER THAN THAT OF CIVILIAN COLLEGES AND UNIVERSITIES. THIS RELATIVELY LOW ATTRITION IS A DIRECT RESULT OF THE STRINGENT ADMISSION POLICY WHICH SELECTS ONLY THOSE CANDIDATES WHO ARE BEST SUITED FOR THE DEMANDING NAVAL ACADEMY PROGRAM, TECHNICALLY-ORIENTED MISSION, AND LEADERSHIP REQUIREMENTS OF THE NAVAL SERVICE.

NAVAL RESERVE OFFICER TRAINING CORPS (NROTC)

NROTC IS A UNIQUE ACCESSION PROGRAM WHICH BRINGS IN OFFICERS FROM DIVERSE ACADEMIC AND SOCIAL BACKGROUNDS WHO HAVE PREPARED THEMSELVES THROUGHOUT THEIR ATTENDANCE AT A CIVILIAN COLLEGE FOR A CAREER IN THE NAVAL SERVICE THROUGH THE COMPLETION OF NAVAL SCIENCE COURSES AND MIDSHIPMEN SUMMER CRUISES. THE ACTIVE DUTY OBLIGATION IS FOUR YEARS AFTER COMMISSIONING AS A REGULAR OFFICER. THESE STUDENTS ARE EXPECTED TO BE CAREER-ORIENTED WITH A SENSE OF COMMITMENT TO THE DEPARTMENT OF THE NAVAL SERVICE. IT IS THE LARGEST SINGLE SOURCE OF REGULAR NAVY AND MARINE CORPS OFFICERS.

WHILE THE CURRICULUM TAKEN BY AN NROTC MIDSHIPMAN IS NOT NECESSARILY AS TECHNICALLY ORIENTED AS THAT FOUND AT THE NAVAL ACADEMY, STUDENTS ARE REQUIRED TO SUCCESSFULLY COMPLETE AT LEAST ONE FULL YEAR OF CALCULUS AND CALCULUS-BASED PHYSICS. CANDIDATES WHO HAVE DEMONSTRATED STRONG MATH AND SCIENCE SKILLS IN HIGH SCHOOL, AS WELL AS STRONG VERBAL AND WRITING APTITUDE, GENERALLY RECEIVE MORE FAVORABLE CONSIDERATION DURING THE SELECTION PROCESS.

NROTC COMPETITION IS TOUGH. APPLICATIONS ARE MADE BY HIGH SCHOOL STUDENTS IN THEIR JUNIOR YEAR. ABOUT 33,000 APPLICANTS FOR THE FOUR YEAR SCHOLARSHIP PROGRAM ARE RECRUITED EACH YEAR. ABOUT HALF OF THESE APPLICANTS ARE SELECTION BOARD ELIGIBLE ON THE BASIS OF THEIR SCHOLASTIC APTITUDE TEST (SAT) SCORES. SELECTIONS ARE MADE BY A FORMAL SELECTION BOARD WHICH THE CHIEF OF NAVAL EDUCATION AND TRAINING (CNET) CONVENES ON A WEEKLY BASIS FROM OCTOBER THROUGH MARCH EACH YEAR. THIS BOARD EVALUATES APPLICATIONS TO DETERMINE PRIMARY, ALTERNATE AND NON-SELECT STUDENTS. THIS PROCESS ALLOWS FOR SELECTION OF THE TOP STUDENTS EARLY AND PRIORITIZES THE REST FOR POSSIBLE SCHOLARSHIP SELECTION. ABOUT 1,600 ARE AWARDED SCHOLARSHIPS CONSISTING OF TUITION, BOOKS, LAB FEES AND A MONTHLY SUBSISTENCE ALLOWANCE.

AT ANY GIVEN TIME, ABOUT 6,300 MIDSHIPMEN ARE ENROLLED IN THE SCHOLARSHIP PROGRAM. ANOTHER 3,000 STUDENTS ARE ENROLLED IN A NON-SCHOLARSHIP OR CONTRACT PROGRAM. THE PROGRAM IS SIDE-LOADED SO THAT IF A SCHOLARSHIP STUDENT DROPS OUT OR IS DISENROLLED FROM THE PROGRAM, HIS OR HER SCHOLARSHIP MAY BE AWARDED TO A CONTRACT STUDENT FOR THE REMAINDER OF THE LATTER'S TIME IN COLLEGE. AS A RESULT, A RELATIVELY STABLE AND PREDICTABLE NUMBER OF OFFICERS ARE COMMISSIONED INTO THE REGULAR NAVY AND MARINE CORPS.

THE GREATEST ATTRITION IN THE NROTC SCHOLARSHIP PROGRAM OCCURS BEFORE THE BEGINNING OF A STUDENT'S SECOND YEAR. (AFTER THAT POINT, IF THE STUDENT DISENROLLS, HE OR SHE IS OBLIGATED TO SERVE ON ACTIVE DUTY IN AN ENLISTED STATUS FOR TWO YEARS OR TO REPAY THE COST OF HIS SCHOLARSHIP, AT THE SERVICE SECRETARY'S DISCRETION). THE MAJORITY OF CONTRACT STUDENTS REMAIN IN THE PROGRAM IN THE HOPE OF BEING AWARDED A SCHOLARSHIP. IN CASES WHERE A SCHOLARSHIP IS NOT FORTHCOMING BY THE END OF THE THIRD YEAR OF COLLEGE, LARGE NUMBERS OF STUDENTS DROP OUT OF THE PROGRAM.

MARINE CORPS-OPTION MIDSHIPMEN ATTEND A 6-WEEK TRAINING SESSION (BULLDOG) BETWEEN THEIR JUNIOR AND SENIOR YEAR. A VERY SMALL NUMBER OF MIDSHIPMEN RECEIVE RESERVE COMMISSIONS, HOWEVER, THESE ARE NON-SCHOLARSHIP, COLLEGE PROGRAM PARTICIPANTS. THE MARINE CORPS HAS PARTICIPATED IN THE NROTC PROGRAM SINCE 1946.

ALTHOUGH TOTAL IMMERSION IN A MILITARY ENVIRONMENT, SUCH AS AT THE NAVAL ACADEMY, IS NOT POSSIBLE IN THE NROTC PROGRAM, THE EXPOSURE TO NAVAL SCIENCES IS INVALUABLE. INTERACTION WITH THE MILITARY STAFF AT THE UNIT AND INTRODUCTION TO LEADERSHIP RESPONSIBILITIES DURING SUMMER CRUISES GIVES MIDSHIPMEN A SOUND BASIS FOR DEVELOPING PROFESSIONAL SKILLS FROM THE TIME OF COMMISSIONING.

THERE ARE CURRENTLY 66 NROTC UNITS NATIONWIDE, OF WHICH 11 UNITS HAVE BEEN ADDED SINCE 1981. SIX OF THE UNITS ARE LOCATED AT HISTORICALLY BLACK COLLEGES. AS A RESULT, THE NUMBERS AND PERCENTAGES OF BLACK AND HISPANIC STUDENTS IN THE PROGRAM EACH YEAR ARE INCREASING WHILE OVERALL NROTC ENROLLMENT IS DECLINING.

OFFICER CANDIDATE SCHOOL (OCS)/OFFICER CANDIDATE COURSE (OCC)

THESE PROGRAMS ARE THE SHORT TERM AND MOST IMMEDIATE SOURCES USED TO AUGMENT THE ACCESSION NEEDS OF THE NAVAL SERVICE. THEY ALLOW US TO RECRUIT AND COMMISSION INDIVIDUALS WITHIN THE SAME FISCAL YEAR TO ATTAIN SPECIFIC END STRENGTH NEEDS AND TO REDRESS COMMUNITY SHORTAGES.

THE USE OF QUOTAS FOR THESE PROGRAMS GIVES US THE FLEXIBILITY TO FILL PERSONNEL NEEDS FOR SUBMARINERS, PILOTS, AND NUCLEAR SURFACE WARFARE OFFICERS. THE ACCESSION GOALS FOR THESE PROGRAMS MAY NOT HAVE BEEN MET FROM OUR LONGER TERM PROGRAMS, I.E., NAVAL ACADEMY AND NROTC. ENTRANCE INTO THESE COMMUNITIES IS STRICTLY VOLUNTARY AND ENTAILS THE MEETING OF HIGH ACADEMIC AND PHYSICAL ENTRANCE QUALIFICATIONS. SINCE PERSONNEL ARE RECRUITED FOR SPECIFIC COMMUNITIES OR MOS BEFORE THEY EVER ENTER OCS/AOCS/OCC, THESE SOURCES CAN PROVIDE A QUICK, HIGHLY-CONTROLLABLE FILL FOR OUR ACCESSION NEEDS.

THE NAVY'S OFFICER CANDIDATE SCHOOLS (ONE FOR AVIATION, ONE FOR ALL OTHERS) ARE 16 WEEKS IN DURATION AND OFFER PROFESSIONAL TRAINING IN VARIOUS MILITARY SUBJECTS. STUDENTS AT OFFICER CANDIDATE SCHOOL (OCS) INCUR FOUR YEARS OF ACTIVE DUTY OBLIGATION UPON COMMISSIONING. UPON COMPLETION OF AVIATION OFFICER CANDIDATE SCHOOL (AOCS), OFFICERS ARE COMMISSIONED AS ENSIGNS AND COMMENCE FLIGHT TRAINING WHICH LASTS APPROXIMATELY 18-24 MONTHS. UPON DESIGNATION AS A NAVAL AVIATOR, THEY INCUR SEVEN YEARS OF OBLIGATED

SERVICE.

THE MARINE CORPS' OCC PROGRAM, ESTABLISHED IN 1954, IS ALSO DIRECTED AT SENIORS AND COLLEGE GRADUATES. CANDIDATES ATTEND A 10-WEEK TRAINING SESSION AND, UPON COMPLETION, ARE COMMISSIONED AND ORDERED TO ACTIVE DUTY. AS IN THE PLATOON LEADERS CLASS, THE ACTIVE DUTY OBLIGATIONS ARE 3 1/2 YEARS FOR GROUND OFFICERS AND 5 1/2 YEARS AFTER DESIGNATION AS A NAVAL AVIATOR FOR AVIATION OFFICERS.

THE MARINE CORPS USES OCC GRADUATES TO FULFILL AVIATION, LAW AND GROUND OFFICER ASSIGNMENT REQUIREMENTS. WHILE THE AVIATION AND LAW OPTIONS ARE NORMALLY GUARANTEED UPON ACCEPTANCE INTO THE PROGRAM, GROUND MILITARY OCCUPATIONAL SPECIALTIES (MOS) ARE ASSIGNED WHILE THE OFFICERS ARE IN THE BASIC SCHOOL.

THESE PROGRAMS ARE EXTREMELY VALUABLE IN THEIR PRODUCTION OF A LARGE NUMBER OF MINORITY ACCESSIONS FOR THE NAVY AND MARINE CORPS. THEY ARE THE SOURCE OF COMMISSIONING FOR A HIGH PERCENTAGE OF BLACK AND HISPANIC ENSIGNS AND SECOND LIEUTENANTS NECESSARY TO MEET THE SEA SERVICES' MINORITY OFFICER ACCESSION GOALS. THE ABILITY TO TURN QUOTAS ON AND OFF QUICKLY, TO MEET CHANGING REQUIREMENTS, AND TO TARGET SPECIFIC ETHNIC AND GENDER GROUPS MAKES THESE PROGRAMS ESPECIALLY RESPONSIVE TO THE REQUIREMENTS OF A CHANGING FORCE STRUCTURE.

ATTRITION FROM THESE PROGRAMS AVERAGES 13 PERCENT FOR OCS, 12 PERCENT FOR AOCS, AND 25-30 PERCENT FOR OCC.

PLATOON LEADERS CLASS (PLC)

THE MARINE CORPS' PLC PROGRAM, ESTABLISHED IN 1935, IS DIRECTED AT UNDERGRADUATE MALES IN THEIR FRESHMAN THROUGH JUNIOR

YEARS AND FEMALES IN THEIR JUNIOR YEAR. CANDIDATES ATTEND ONE 10-WEEK OR TWO 6-WEEK SUMMER TRAINING SESSIONS, BASED UPON WHEN THEY ENLIST IN THE PROGRAM. UPON GRADUATION FROM COLLEGE, THEY RECEIVE RESERVE COMMISSIONS AND ATTEND THE BASIC SCHOOL WHERE GROUND MOS'S ARE ASSIGNED, UNLESS AN INDIVIDUAL HAS AN AVIATION OR LAW CONTRACT. THE ACTIVE DUTY OBLIGATIONS ARE 3 1/2 YEARS FOR GROUND OFFICERS AND 5 1/2 YEARS AFTER DESIGNATION AS A NAVAL AVIATOR FOR AVIATION OFFICERS. IN ADDITION, LAW STUDENTS ARE RECRUITED FOR THIS PROGRAM IN THEIR LAST YEAR OF UNDERGRADUATE SCHOOL FIRST AND SECOND YEARS OF LAW SCHOOL.

TRAINING ATTRITION FOR THE PLC PROGRAM IS ABOUT 22.5 PERCENT.

RETENTION

CURRENT CONTINUATION RATES FOR THE VARIOUS COMMISSIONING SOURCES AT THE EIGHT YEAR POINT ARE AS FOLLOWS:

SOURCE	NAVY	MARINE CORPS
NAVAL ACADEMY	55.6%	52.4%
NROTC-SCHOLARSHIP	45.8%	52.8%
NROTC-CONTRACT	27.6%	18.4% *
OCS/OCC	48.1%	22.7% *
AOCS	39.9%	---
PLATOON LDRS CLS	---	32.3% *

* THESE FIGURES ARE ADVERSELY AFFECTED BY THE MARINE CORPS' NEED TO RELEASE RESERVE OFFICERS DUE TO AN INADEQUATE NUMBER OF FIELD GRADE AUTHORIZATIONS. AS A RESULT, NOT ALL CAN AUGMENT AS REGULAR OFFICERS.

PROGRAM COSTS

THE COST PER GRADUATE FOR EACH OF THESE OFFICER PROCUREMENT PROGRAMS IS AS FOLLOWS:

NAVAL ACADEMY	$150,195
NROTC	$ 63,606
OCS	$ 19,876
AOCS	$ 20,422
OFF CAND COURSE	$ 12,844
PLATOON LDRS CLS	$ 8,236

BECAUSE OF THE HIGH VALUE THIS NATION HAS TRADITIONALLY PLACED ON EDUCATION, THE COST OF EDUCATION AT ALL LEVELS HAS BEEN HEAVILY SUBSIDIZED. THE RESULT IS THAT THE "COST" OF EDUCATION AND THE "PRICE" PAID TO RECEIVE THAT EDUCATION ARE MUCH DIFFERENT. THE "PRICE" AT CIVILIAN INSTITUTIONS IS ONLY A SMALL PART OF THE COST OF PROVIDING EDUCATION. THE REMAINDER OF THE "COST" MADE IS PAID FROM REVENUES RECEIVED FROM ENDOWMENTS IN THE CASE OF PRIVATE INSTITUTIONS AND FROM TAX REVENUES IN THE CASE OF STATE-SUPPORTED COLLEGES. WHEN THESE ADDITIONAL REVENUES ARE FACTORED INTO THE COST TO EDUCATE A STUDENT OR A MIDSHIPMAN, IT IS CLEAR THAT THEY ARE QUITE COMPARABLE. THE ANNUAL COST OF HIGHER EDUCATION IN AMERICA, DIVIDED BY THE TOTAL ANNUAL NUMBER OF GRADUATES, IS ABOUT $117 THOUSAND. THIS IS THE AVERAGE COST OF ALL COLLEGES, INCLUDING THE LOWER COST, LIMITED-OFFERING INSTITUTIONS, AS WELL AS THOSE MORE COMPREHENSIVE, SELECTIVE AND COSTLY COLLEGES TO WHICH THE NAVAL ACADEMY COMPARES. IN ADDITION TO THE "COSTS" TO THE TAXPAYER NORMALLY ASSOCIATED WITH THIS FIGURE, IT IS HELPFUL TO KEEP IN MIND THE VALUE RECEIVED BY THE NAVAL SERVICE AND THE NATION IN RETURN. THE NAVAL ACADEMY AND OTHER SERVICE ACADEMIES ARE UNIQUE IN THAT THEY NOT ONLY PROVIDE A SUPERB EDUCATION IN THE TRADITIONAL SENSE OF PRESTIGIOUS UNIVERSITIES, BUT THEY ALSO DEVELOP A UNIQUE RESOURCE FOR AMERICA; A FULLY CAPABLE LEADER READY TO ASSUME

AWESOME RESPONSIBILITIES ON A MOMENT'S NOTICE FROM THE DAY THEY GRADUATE. UPON COMMISSIONING, THESE MEMBERS ARE ALREADY IMBUED WITH THE STANDARDS EXPECTED OF THEM FOR THE REST OF THEIR CAREERS.

FUTURE PLANS

AS THE SIZE OF THE FORCE GETS SMALLER IN THE YEARS AHEAD, WE PREFER TO MAINTAIN A BALANCE BETWEEN ALL SOURCES OF ACCESSIONS. THIS PROVIDES THE REQUISITE FLEXIBILITY TO MANAGE THE FORCE. RAPID DRAWDOWNS WOULD SEE EXTENSIVE REDUCTIONS IN THE OCS/AOCS/OCC/PLC PIPELINES. WE HAVE NO INTENTION, NOR DO WE DESIRE, TO DROP MIDSHIPMEN AT THE NAVAL ACADEMY OR NROTC IN ORDER TO MEET FORCE REDUCTION GOALS. AOCS, OCS, OCC AND PLC SOURCES ARE MUCH MORE RESPONSIVE AND TIMELY SOURCES OF REDUCTION IN A CHANGING MANPOWER ENVIRONMENT.

SUMMARY

THE COMMISSIONING PROGRAMS OF THE SEA SERVICES PRODUCE OFFICERS OF THE HIGHEST QUALITY. THESE PROGRAMS ENABLE US TO BUILD A DIVERSIFIED OFFICER CORPS, EXCEPTIONALLY WELL QUALIFIED TO LEAD THE MEN AND WOMEN OF THE UNITES STATES NAVY AND MARINE CORPS. WE MUST MAINTAIN THE FLEXIBILITY AND UNIQUENESS OF EACH COMMISSIONING SOURCE IN ORDER TO EFFECTIVELY MANAGE FUTURE OFFICER ACCESSIONS.

EACH SOURCE HAS ITS OWN UNIQUE PLACE IN FILLING OUR ANNUAL REQUIREMENTS FOR NEW OFFICERS. THE NAVAL ACADEMY AND NROTC PROVIDE THE FOUNDATION OF OUR DEDICATED OFFICER CORPS. OCS/AOCS/OCC/PLC PROVIDES A FLEXIBLE NUMBER OF HIGH QUALITY VOLUNTEERS TO ROUND OUT THE SEA SERVICES' OVERALL NUMBER OF NEW OFFICERS. THE DEDICATED RESOURCES FOR THESE COMMISSIONING PROGRAMS MUST BE MAINTAINED AND UTILIZED IN SUCH A MANNER THAT EACH SOURCE CAN RAPIDLY RESPOND TO INCREASED PRODUCTION REQUIREMENTS IF NECESSARY.

Senator GLENN. General Palmer, you are next.

STATEMENT OF LT. GEN. DAVE R. PALMER, USA, SUPERINTENDENT, UNITED STATES MILITARY ACADEMY

General PALMER. Mr. Chairman and members of the committee, I am very pleased to be here. In spite of some thoughts raised earlier, I welcome the oversight, sir.

My opening thoughts would center on just two fundamentals. First, our military forces must be led by the highest quality officers our country can develop. Second, in this era of eroded moral and ethical standards, America's army must be led by men and women of character. Those are the reasons this country has the Military Academy. West Point graduates are meeting the high expectations of the American people.

Let me say at the outset that West Point operates in a commendable range of efficiency. The Military Academy's costs of operation compare very favorably to those of other high quality 4-year colleges. Even so, the most important measure remains our effectiveness, how our graduates are doing. Let us look at two useful indicators, retention and performance.

Retention: West Point graduates serve longer than officers from other sources. The average difference is significant and has manifested itself consistently throughout our history regardless of the political climate, the economic alternatives or the popularity of military service.

Performance: Across the board, by every indicator West Point graduates are performing in remarkable fashion. Their promotion rates to all ranks are higher than the Army norm, while they are identified for early promotion to field grades at rates much higher than the average.

Graduates are also selected for command, program manager, advanced military school and postgraduate education at rates quite above Army norms. Is the Nation getting its money's worth? The answer is in the facts.

It is in this light also that the Military Academy favors reconsideration of legislation which extended the active duty service obligation. This legislation weakens our ability to attract top quality high school students, 16 or 17 year olds, young men and women with a bright future and many options. Asking them to commit to a military lifestyle for at least a decade after graduation from high school is asking a lot.

I believe we would serve the country better by seeking the very best young Americans and then working to inspire them rather than to require them to serve. I am especially worried about our ability to continue to attract gifted minorities and women.

In any event, we do not have a problem with keeping our graduates in the Army. They are already staying at rates that significantly exceed DOPMA expectations. There have been some recent press comments saying that 25 percent of our graduates leave the Army when their service obligation is up. I do not understand that criticism. The real story is that 100 percent of our graduates meet their obligations. There are no student loan defaulters from West

Point, and over 75 percent continue to serve well beyond their obligation. We are proud of that, sir.

Let me make another point that is obvious but sometimes gets overlooked in the equations of cost and worth. Of all the commissioning sources in the Army, West Point alone is wholly responsive to the Federal Government, especially to Congress. Congress nominates its candidates, controls its budget, reviews its procedures and shapes its standards. We, West Point, cannot be closed down by a faculty vote or by an unpopular war.

Finally, I think you are all aware of our program to prepare tactical officers for their duties at the academy. The officers who complete that program have met all the requirements for a master's degree in leader development. We would hope to be able to recognize them for those accomplishments. I thank this subcommittee for supporting us on this last year, and I solicit your support again this year.

Considering the cost and the benefits of the academy or the efficiency and effectiveness, the 1987 Board of Visitors reported to the President, "West Point is a bargain for the Army and the Nation."

Thank you, sir.

[The prepared statement of General Palmer follows:]

STATEMENT OF LIEUTENANT GENERAL DAVE R. PALMER
SUPERINTENDENT, U.S. ARMY MILITARY ACADEMY

Mr. Chairman and Members of the Committee:

I am very pleased to have the opportunity to address the Subcommittee on Manpower and Personnel. The subject of this hearing is of great importance to our Nation and our Army. As we make military force structure decisions, in these uncertain times, we must be guided by the fundamental principles which helped us achieve current conditions which are favorable for lasting peace.

Today, my remarks center on two of these fundamentals. First, regardless of the size of our military forces, they must be led by the highest quality officers which our country can develop. In fact, the smaller the force the more important the element of leadership. Second, in this era of eroding moral-ethical standards, America's Army must be led by men and women of character, officers loyally dedicated to serve the common defense.

WHY DO WE HAVE WEST POINT?

The very purpose of the United States Military Academy is to provide the nation with leaders of character who serve the common defense. This purpose embodies the enduring concept of Duty, Honor, and Country the hallmark of a West Point Graduate.

The need for a military academy to educate and train officers for the Regular Army was very clear to our first president, General George Washington, who established the basis for one. Then President Thomas Jefferson made the decision to establish the Academy at West Point in 1802. He did so to ensure that the leaders of the military were imbued with a professional ethic that respected the Constitution and the society they were sworn to defend; that they would be loyal to the Republic. The history of West Point and the record of her graduates are vivid testimony to the wisdom of the vision of our Founding Fathers.

Recently Lieutenant General James M. Gavin was laid to rest in the cemetery at West Point. The day was as crisp and clear as the distinguished leadership which this American hero provided in and out of uniform throughout his lifetime of service to the nation. More recently, the centennial of Dwight D. Eisenhower's birth was marked by a Joint Session of Congress. As a participant in both those events, I reflected that the true value of West Point to America cannot be captured in the cold balance sheets of data and dollars.

PRICE, COST, AND WORTH OF WEST POINT

Auditors can construct indicators of results and generate cost benefit ratios. They can measure return on investment using years of service and selection rates to various ranks or positions.

In these terms, the United States Military Academy stands second to none. It is a very efficient and effective source of commissioned officers for our Army. However, as stewards of our Nation's security we cannot stop there. We must take care to measure the things that truly count, not merely things that can be counted.

In assessing the value of West Point to our society, therefore, we must look beyond the numbers. We can get one essential insight with a visit to the Corps of Cadets during their noon formation. We can witness the event near the statue of General Douglas MacArthur where many tourists gather to share in the ritual which is nearly 200 years old. Our attention will naturally be drawn to the cadets, but we should look instead to the eyes of the visitors. We will find them fixed on the young men and women who comprise the Corps. Their eyes reflect unbridled pride, and are often moist. Everyone stands taller and many make a quiet rededication to the ideals which made our Nation what it is.

General Omar Bradley once remarked that a statistic was often a straight line between a foregone conclusion and a predetermined outcome. This admonition notwithstanding, there are many statistics which attest to the value of the Military Academy. They fall in the arenas of quantity and quality. They pertain to costs and benefits. Numerous assessments over many years have shown that West Point's graduates are fulfilling the high expectations of the society which they represent and serve. In 1987, in its annual report, the West Point Board of Visitors said the Military Academy was "... a bargain for the Army and the nation." This description was not made lightly. It was based on a careful review of the facts.

To begin with, West Point operates in a commendable range of efficiency. When reviewed from the perspective of society as a whole, West Point's costs of operation compare favorably to those of other quality four-year colleges. Total taxpayer costs for a West Point lieutenant are very similar to total taxpayer costs for graduates who earned a commission from other quality four-year colleges, including graduates commissioned through ROTC. This fact, while surprising to some, reflects the capital investment which our society makes in higher education. Confusion arises when West Point's operating costs are inappropriately compared with college tuition. As Donald Kennedy, the President of Stanford University has written:

> "The costs at public and private institutions of comparable quality are about the same. Public institutions charge a lower price because of taxpayer subsidies. Private colleges ... must price realistically. Even so, in the most expensive private institutions, tuition covers less than two-thirds, and sometimes as little as one-half the cost of educating each student."

In fact, America's tax structure pays about 80-85% of the cost of higher education. The balance is covered by the tuition which individuals are required to pay. When all the figures were compared, in a study done for the 1987 Board of Visitors, it was shown that, while, a graduate of USMA costs $191,000, an officer commissioned on active duty from ROTC costs $183,000, virtually the same.

LIEUTENANT ACCESSIONS IN THE YEARS AHEAD

In determining the role of West Point in the presence of a substantially smaller officer corps it is important to maintain perspective. The Army sustains the officer corps through four essential sources of commission. These are: Direct Appointment, Officer Candidate School, Reserve Officer Training Corps (ROTC), and the Military Academy (USMA). These sources are not in competition, they are complementary. Each serves a different purpose, and the four are mutually supporting. By way of Direct Appointment we are able to commission officers in the Special Branches (e.g., doctors, chaplains, and lawyers). Through Officer Candidate School enlisted soldiers may aspire to officership, while OCS also enables the Army to expand rapidly the number of junior officers in event of mobilization. The college ROTC program provides officers for the Active and Reserve Components, strengthens the link between our society and its Army, and affords the flexibility to meet annual accession needs based upon officer end-strength objectives. USMA provides the long lead time base on which the Army builds. It provides the nucleus of the career force, and is the standard bearer for the officer corps.

In the Army's FY 1990 Posture Statement are listed six imperatives for the Army as it adjusts to new global circumstances. Included were two which impact centrally on the Military Academy: Quality Soldiers, and Leader Development. Thus, based on its purpose and mission, the Military Academy is a cornerstone of the Army's strategic concept for the 21st Century. The quality of the West Point contribution is visible in any objective review of its cadets.

CADET QUALITY CLASS OF 1993

	CADETS
HIGH SCHOOL "A" AVG	73%
SAT SCORES	1213
TEAM CAPTAIN	55%
VARSITY LETTER	91%
SCOUTING (BOY AND GIRL)	38%
EAGLE SCOUT OR GOLD AWARD	11%
BOYS OR GIRLS STATE	27%
CLASS PRESIDENT	29%

Prepared By: USMA (OIR), March 1990
Source: USMA's Admission Profile - Class of 1993

Clearly, the Academy attracts to Army service the very best young men and women in our country. That is an annual input of quality that we can ill-afford to put at risk in the volatile era we are entering. Moreover the character of the Corps is a source of national pride, understandably, because the service of her graduates is written in the brightest chapters of our Nation's history.

Today, West Point attracts, educates, trains, and graduates some of the nation's most promising minority officers. This observation is based on their quality at entrance, their performance as cadets, and their record of retention and selection for promotion as officers. Another area of contribution is women graduates. The young female high school graduates who apply to USMA are remarkable for their demonstrated ability and commitment. Their entry to USMA is based on merit. They earn their way into the Corps. They, like their male counterparts, are evaluated on all dimensions of leader development and their performance has been distinguished. Their service in the Army has been superb.

As with all academy graduates, they have been selected for promotion at rates substantially higher than the Army norms.

ARMY PROMOTION LIST
Captains Selection Board Results
For First-Time Considered Officers
(FY88 and 89 Combined)

(PERCENT = # SELECTED divided by # CONSIDERED)

SOC	WOMEN	BLACKS	ALL
USMA	90%	92%	89%
OTHER	83%	81%	84%
ARMY	84%	83%	85%

Prepared By: USMA (OIR), March 1990
Source: DA Selection Board Data Tape for FY88 and 89.

Across the board, by every indicator, West Point graduates are performing in remarkable fashion. While promotion rates to all ranks are higher, it is even more significant that USMA graduates are identified for early promotion to all field grades at much rates higher than average. Their selection to command follows the same high comparative curve, while they also come out tops in competition for schooling. Indeed, almost all of the field-grade (major and above) graduates have earned advanced degrees. Finally, and very importantly, their retention rates are above those envisioned when Congress passed the Defense Officer Personnel Management Act. Still in the presence of these hard data, some have asked: "Is the nation getting its money's worth?" The answer is evident in the data.

ARMY PROMOTION LIST
Selection Board Results
(FY88 and 89 Combined)
(PERCENT = # SELECTED divided by # CONSIDERED)

	DUE COURSE		ACCELERATED	
BOARDS	USMA	OTHER	USMA	OTHER
CAPTAIN	89.0%	84.0%	N/A	
MAJOR	79.0%	65.0%	12.0%	4.2%
LT COLONEL	75.0%	61.0%	11.0%	5.0%
COLONEL	45.0%	40.0%	2.2%	1.5%
B GENERAL	2.4%	2.0%	N/A	
STAFF COLL	24.0%	15.0%	N/A	
WAR COLL	6.0%	5.1%	N/A	

Prepared By: USMA (OIR), March 1990
Source: DA Selection Board Data Tapes for FY88 and 89

THE FELLOWSHIP IN LEADER DEVELOPMENT

The concept of leader development at West Point is based on intellectual, military, and physical growth in an environment of proper moral, ethical, and social behavior. The four-year Program is carefully coordinated and integrated to provide the opportunity for cadets to realize their individual potential. We encourage cadets to aspire to excellence and to be all they can be. Critical to our success is the Tactical Officer. This officer is the focal point for individual leader development.

Obviously, the Tactical Officer must be prepared for the duties of the position. Until recently, this included graduate education at one of our nation's universities. This practice was initiated on the recommendation of the Borman Commission and the West Point Study Group in 1977-78. However, the graduate programs available for our officers to pursue were unable to provide the preparation we sought. Limitations included courses only partially relevant, and difficulties in applying the theories in the absence of an operational environment. Providing appropriate course work at West Point repairs these defects and is far more efficient. It saves time, money, and people.

Our program is unique. No other school offers a satisfactory substitute. The program is academically rigorous and is taught by professors with first-hand experience. The students can observe and practice in the actual environment where they will operate after completing their program of instruction. The entire curriculum is oriented on preparing the Tactical Officer to develop young people as leaders of character. The National Advisory Committee on Accreditation and Institutional Eligibility of the U.S. Department of Education found the program "to be of a very high caliber and comparable [in quality] to the other Master of Arts degree curricula in the United States." The program is cost effective because it saves reassignment costs and removes the officer from the operating environment for much less time.

The West Point Fellowship in Leader Development is central to the mission and the purpose of West Point. The role of the Tactical Officer as a leader developer and as an integrator of the West Point Experience is essential. The officers who complete the requirements of the fellowship should be recognized for their accomplishment. Awarding the Master's Degree is fully warranted and consistent with national norms. The Senate voted to do this last year, but it was postponed in Joint Conference pending a look this year. I urge you to support it again.

SUMMARY

I conclude these remarks by thanking the sub-committee for giving me the opportunity to discuss these important issues. I can summarize by affirming that West Pointers are efficiently and effectively developed. They constitute high quality leaders for our Army and our Nation. They serve long in uniform and their performance is distinguished. The contribution which West Point makes to our Army's need for gifted minority leadership is significant and should be maintained. The role of women in the military is growing and West Point's graduates contribute substantially.

It was in consideration of these many issues, the costs and the benefits, that the 1987 Board of Visitors concluded: "...West Point actually is a bargain for the Army and the nation." In fact it is more. West Point and the long gray line are an invaluable resource and a national treasure.

Senator **Glenn**. Thank you. Admiral Hill.

STATEMENT OF REAR ADM. VIRGIL L. HILL, JR., USN, SUPERINTENDENT, UNITED STATES NAVAL ACADEMY

Admiral **Hill**. Thank you, Mr. Chairman, for the opportunity to appear before this distinguished subcommittee. I have submitted my statement for the record, but I would like to summarize a few points for emphasis.

Senator **Glenn**. All of the more lengthy statements will be included in the record without objection.

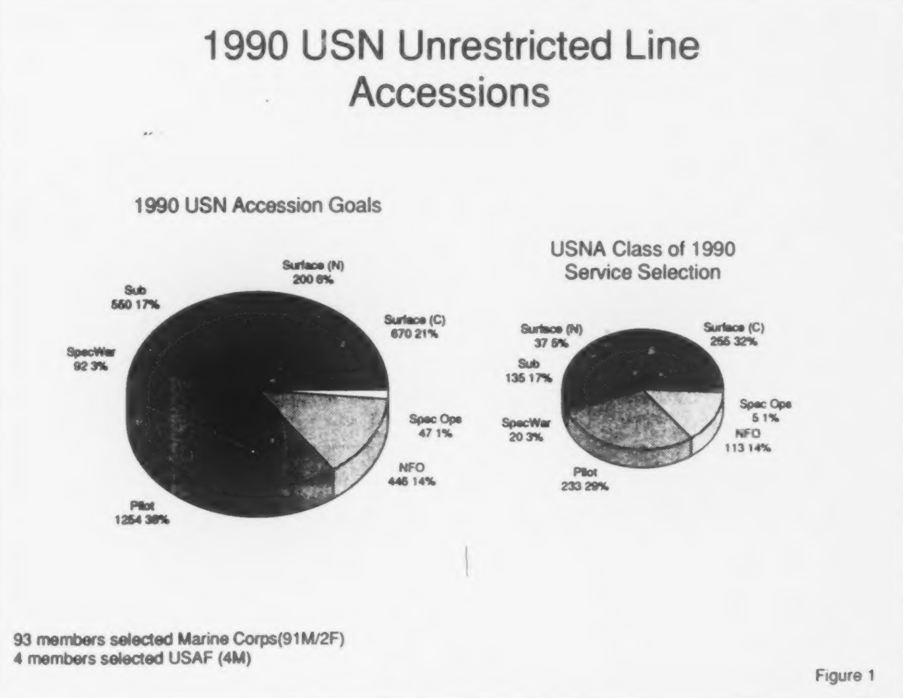
Admiral **Hill**. Thank you, sir.

For emphasis, I have taken the liberty of taking the figures that I will refer to out, and you have copies of them in these little brown folders. We will quickly go through that.

First, I would like to quote one of my predecessors, Admiral James Holloway, who said, "The Naval Academy remains with its history and traditions the single institution representing the ultimate in personal and professional standards, a principal binding force in the Navy as a whole." I subscribe to that 100 percent.

The Naval Academy graduate is not necessarily any smarter or possesses any greater potential than his contemporaries from other accession sources. However, he or she is the product of a total, intense 4-year immersion in military and leadership experience.

From that leadership crucible, the Naval Academy graduate provides the benchmark or standard against which all our other officer accession programs are measured.



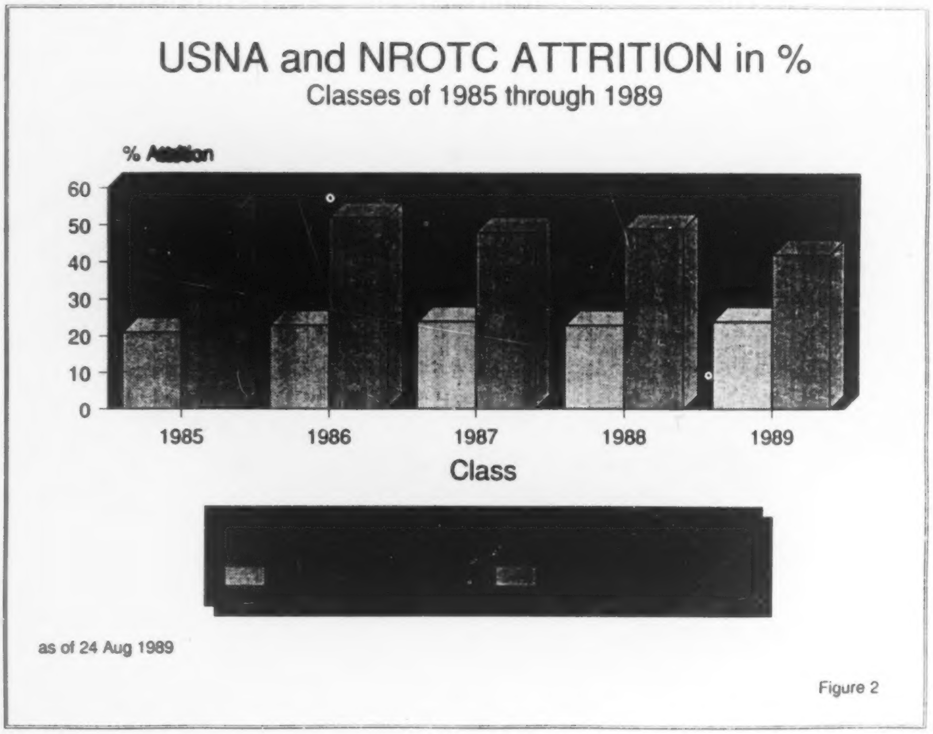
1990 USN Unrestricted Line Accessions

93 members selected Marine Corps(91M/2F)
4 members selected USAF (4M)

Figure 1

If you refer to figure 1 you can see that Naval Academy graduates serve in all line warfare specialties of the Navy and roughly the same percentage as the overall Navy accession plan. In addition, up to 16 percent of our graduates can select the Marine Corps.

Each year, we induct about 1,300 of the best and brightest in this Nation, and if you look at figure 2 you will see that our 22 percent attrition rate compares quite favorably to the over 50 percent NROTC nationwide average.



USNA and NROTC ATTRITION in %
Classes of 1985 through 1989

as of 24 Aug 1989

Figure 2

Our mission, Mr. Chairman, is to develop the graduates morally, mentally and physically to be line officers in the naval services, a mission which we have accomplished with great success and pride for over five generations.

If you look at figure 3, you will see that Naval Academy graduates tend to stay in the Navy longer than their counterparts from other commissioning sources. Measured at the 8-year point when the original plus the accrued obligational service has normally expired, you will see that over half the Naval Academy graduates remain on active duty. Similar data apply to our Marine Corps graduates as well.

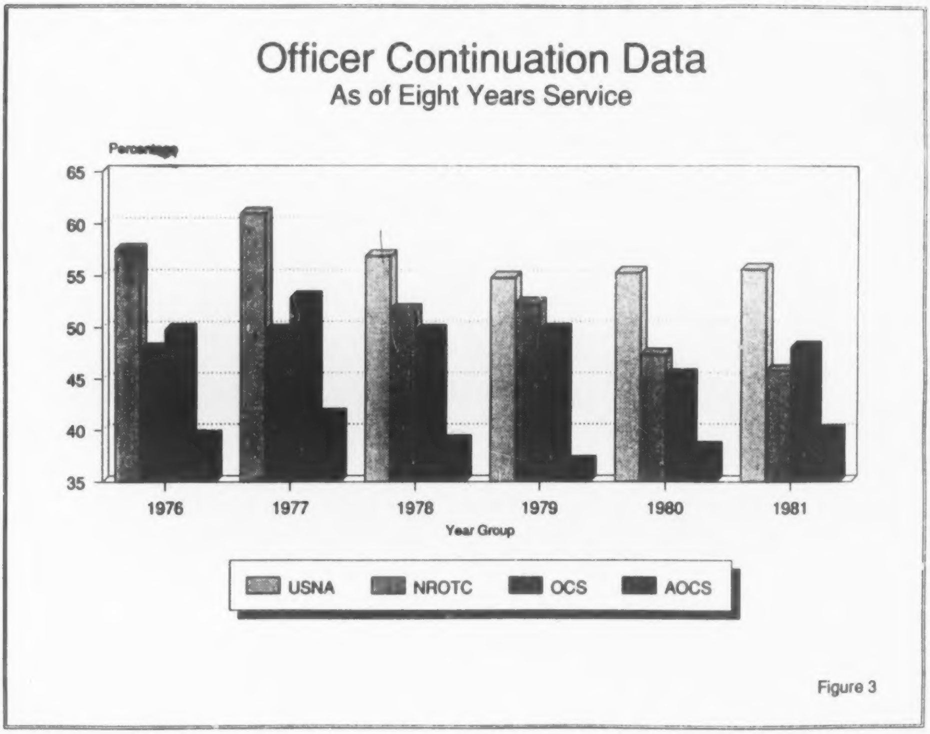


Figure 3

In figure 4 you see a significantly larger percentage of our graduates actually make the service a career. I have added a backup figure, to extend the data presented by CBO past the O-4 level there which shows that academy graduates generally fare better than their counterparts in continued promotion statistics. You will see at O-4, O-5, right up to O-6, Naval Academy graduates fare considerably better.

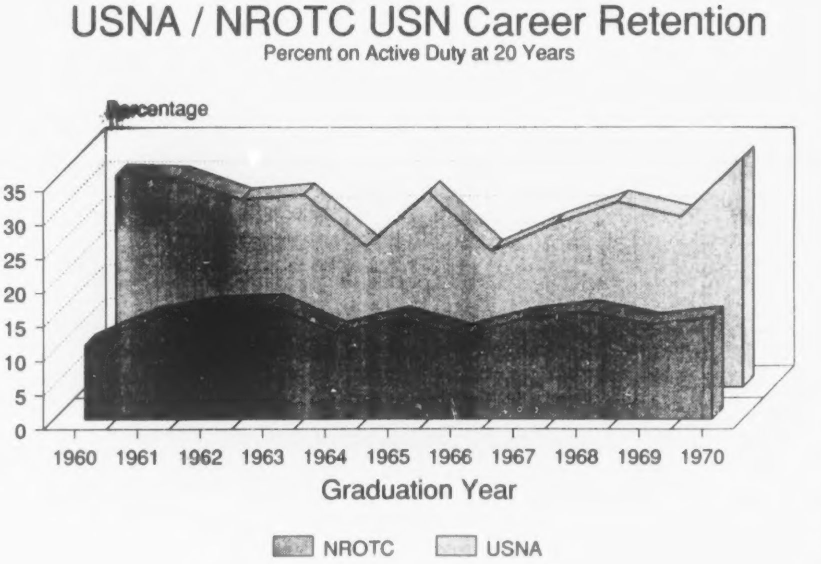
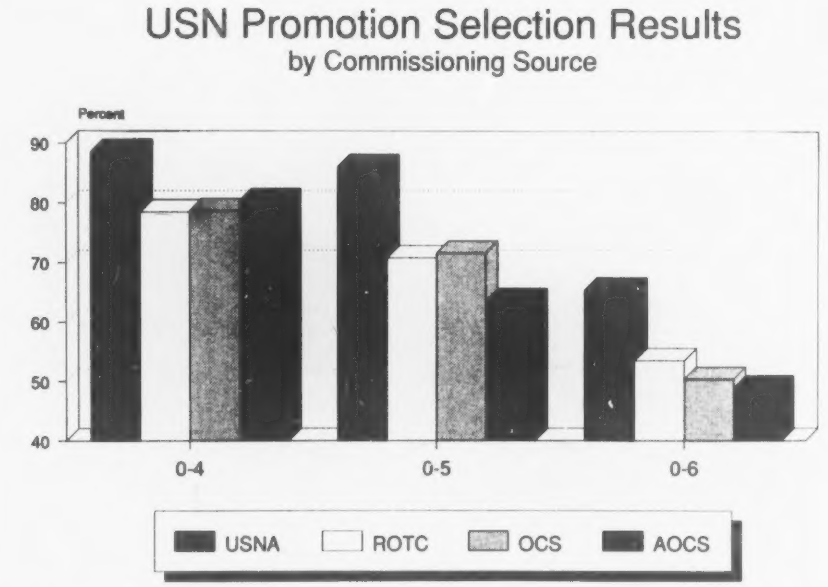


Figure 4

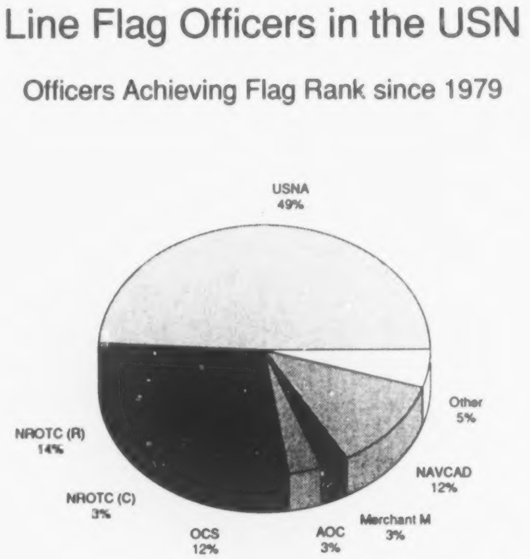
When you look at the top leadership of the Navy in figure 5, it confirms again about half the flag and general officers in the naval service are from the Naval Academy even though they make up less than 15 percent of the accessions.



USN Promotion Selection Results
by Commissioning Source

Avg of FY86-90 selection board results

Figure 5



Line Flag Officers in the USN

Officers Achieving Flag Rank since 1979

Figure 6

For the Class of 1993, of the 15,000 applications that we received, only 2,364 were fully qualified. If you look at figure 7, already this year our applications are down by 17 percent. Although the quantity is decreasing, if you go to figure 8 where we show the average SAT scores, you will see that we have been able to maintain the quality. However, if the overall number of applicants continues to decrease, it will inevitably impact quality, and we will have difficulty meeting our minority accession goals.

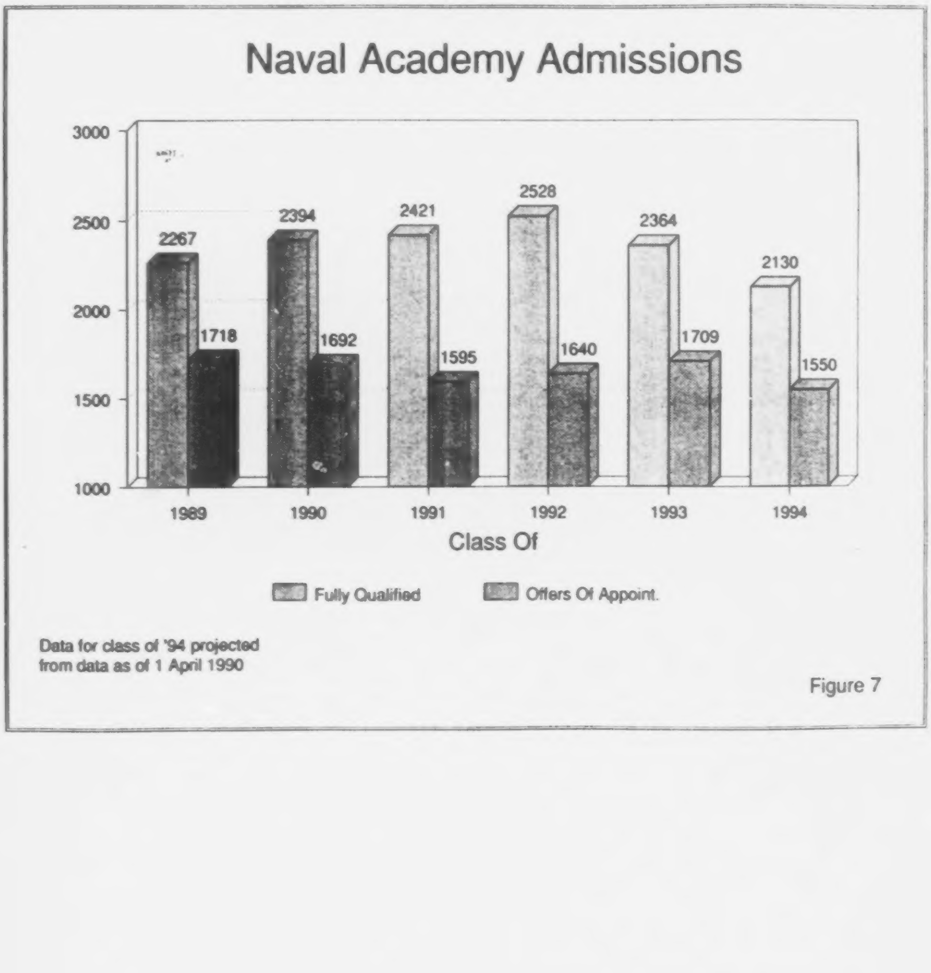
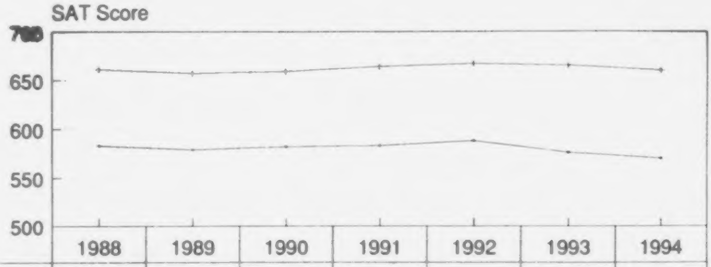


Figure 7

USNA Average SAT Scores



	1988	1989	1990	1991	1992	1993	1994
Verbal SAT	583	579	582	583	588	576	570
Math SAT	661	657	659	664	667	665	660
Total	1244	1236	1241	1247	1255	1241	1230

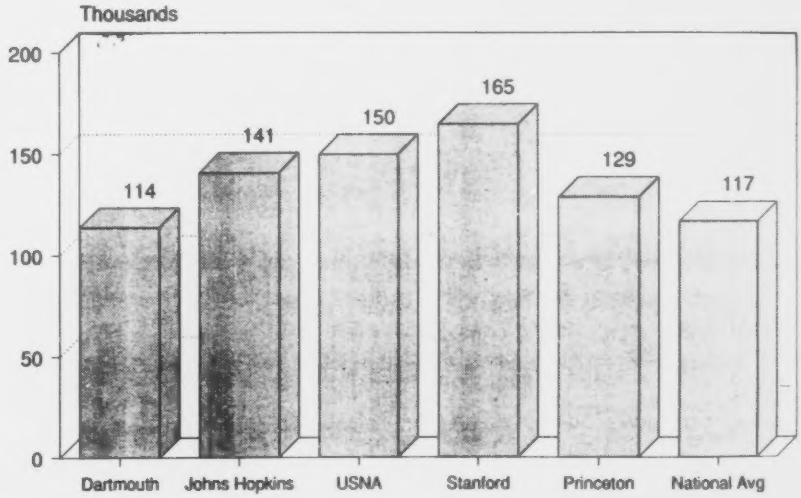
Class

Verbal SAT — Math SAT

1994 scores projected as of 3 April 90

Figure 8

In response to Senator McCain's question, if you look at figure 9, we do have some data for some comparative colleges and universities that compute the entire cost of education, tuition, direct costs and endowments. You can see that the Naval Academy's average cost of $150,000 per graduate compares favorably with other comparable institutions. The overall average cost per graduate in the United States, the national graduate average based on the AAUP data that we have, is $117,000 per graduate.



Actual Cost per Graduate

Data from Integrated Postsecondary
Education Data System, USDE

Figure 9

The GAO brief noted that there were some accounting errors in our computation. Since we were the lowest cost per graduate school, they did a very detailed second and third level cost accounting review of our numbers. The net of the errors discovered, mostly in computations, produced a total change in the cost per graduate in 1989 of $580, less than 0.4 of one percent. So although there were some computational errors, they were minor, and we stand by our numbers.

Also, regarding the suggestion that not all costs were included, this was the first year that the Naval Academy did not include the cost for the Naval Academy Prep School (NAPS). In all previous years we had included the cost for NAPS. If we add that cost back into the class of 1989, it adds about $1,000 to the overall cost per graduate.

Mr. Chairman, Naval Academy graduates in military service and in the civilian sector are all in leadership positions. In times of great peril or national crisis, Naval Academy graduates distinguish themselves through their valor, dedication and, most of all, leadership. Leadership is our product.

One need only look at the recent Vietnam POW experience where throughout, Naval Academy graduates, names like Denton, Lawrence, McCain and Stockdale distinguished themselves by their singular depth of patriotism, dedication and leadership. The vast majority of the POWs were not academy graduates. The vast majority of the leadership in the POW camps were.

Mr. Chairman, this Nation has entrusted to us its one and greatest national treasure, the best and brightest of its youth, literally our future. We believe we are equal to that challenge.

Thank you very much for the opportunity to appear.

[The prepared statement of Admiral Hill follows:]

Statement of

Rear Admiral V. L. Hill, Jr., U.S. Navy

Superintendent

United States Naval Academy

Good morning Mr. Chairman. Thank you for the opportunity to appear before the Manpower and Personnel Subcommittee of the Senate Armed Services Committee and provide you with an update regarding the state of the United States Naval Academy (USNA).

The Naval Academy's development is best described in four major phases, each marked by a watershed event. The first phase was the founding itself, in 1845, by Secretary of the Navy George Bancroft.

Phase II began after the Civil War, when Secretary of the Navy Gideon Welles wisely rejected numerous suggestions to relocate the Academy to various places including its temporary wartime home of Newport, and assigned Admiral David Dixon Porter to duty as the sixth Superintendent, directing him to not only restore the Academy but to expand as necessary to rival West Point as a great national institution.

Admiral Porter accomplished his mission with alacrity, establishing the foundations for many of the most cherished traditions of the Academy and the naval service. He introduced military drill, encouraged competitive athletics, restored discipline and enhanced morale — and perhaps most importantly — Porter established an honor concept under which the midshipmen were informed that they would be trusted and their statements would be accepted as the truth. This concept remains today as the thread that binds the brigade together and the fabric for a lifetime of honorable living.

Phase III kicked off at the turn of the century, when President Theodore Roosevelt chose to lavish much of the Congressional largesse that underwrote the

"Golden Age of American Sea Power" on Annapolis. This resulted in the complete reconstruction of the Academy to Ernest Flagg's magnificent architectural plan, plus expansion of the student body. Roosevelt was a great friend and disciple of Alfred Thayer Mahan, whose theories and prophesies regarding seapower were not lost on the midshipmen of that era, including four of the nine WWII five-star flag officers — Halsey, King, Leahy and Nimitz.

In 1945, while the brigade celebrated the Academy's centennial, the very future of the institution was being debated. The projections for the post-war Navy envisioned a requirement for 50,000 officers. The Naval Academy, as constituted, could not possibly supply that many — so alternatives were considered.

A special board, under the direction of Rear Admiral James L. Holloway, Jr., considered alternatives. One suggestion was to turn USNA into a two-year postgraduate institution for young men who had completed 3 years of college. A second was to build a second Academy on the West Coast, the third plan was to create a complementary source of Naval Reserve Officer Training Corps (NROTC) at civilian colleges and universities. This became known as the Holloway plan and was adopted. The Naval Academy would, quoting Holloway, remain "...with its history and traditions, the single institution representing...the ultimate in personal and professional standards, and a principal binding force...in the Navy as a whole."

Thus began Phase IV, and Secretary Forrestal displayed continued wisdom in selecting Rear Admiral Holloway as the 35th Superintendent to oversee the development of the post-war modern day academy. The authorized strength was increased to 2,511 and Bancroft Hall was extended by the 5th and 6th wings. It was during this period that the Academy focused on achieving a standard of academic excellence consistent with its overall tradition of excellence, achieving its first accreditation by the Middle States Association of Colleges and Secondary Schools. In 1949, Dr. Wesley Brown became the first Black American to graduate from the Naval Academy.

It was Rear Admiral Holloway who first articulated the Academy's mission to something beyond the "practical training of naval officers." He added the objective of "education" as well as the first recognition of a higher calling with the words "the capacity and foundation for future development in mind and character leading toward a readiness to assume the highest responsibilities of citizenship and government." Today's mission statement, formulated in 1960, is a further refinement of Rear Admiral Holloway's original.

In the years since Rear Admiral Holloway's enlightened stewardship, Phase IV continues and the academy continues to grow and strengthen those traditions of excellence established in the first century of its existence. In 1961, the 7th and 8th wings were added to increase Bancroft Hall's capacity to match the authorized strength of 3,961. By 1969, the lock-step curriculum had given way to a system of academic majors with a required "core" curriculum which ensured the minimum proficiency in a number of professional and engineering disciplines. During the 5 year period 68-73 the "new" buildings (Michelson, Chauvenet, Nimitz and Rickover Halls) were completed to provide necessary academic space. In 1976, the first female midshipmen were admitted. And after 15 years of disappointment and budget constraints, in 1987 Congress authorized appropriation for half of the funding for the much needed Brigade Activities Center, now under construction, the rest being provided by private donations.

The Naval Academy is the finest institution of its kind in the world. All of the young men and women who come to the Naval Academy are absolutely among the best and the brightest this nation has to offer. Last July, we inducted 1,403 of the most qualified applicants. The service academies are the most selective colleges or universities in the entire nation and, in my opinion, should be.

I am mindful that our high selectivity is affected by the fact that we are the only ones listed with zero tuition, but anyone who comes to Annapolis expecting a free education is quickly enlightened. This is the most demanding and challenging four years any student will ever encounter! They earn every dollar the taxpayer invests. This is not a "free" education.

The Class of 1993 has an average SAT score of 1241; 82% rank in the top 20% of their class; over half were class, club or student body officers; 85% were varsity athletes; and 58% were in the National Honor Society. When we say the best and the brightest, we have the statistics to back it up.

Any college or university would be proud to have these young men and women in their student body. But we are not like any other college or university. Our purpose though more narrow, is, to my mind, more noble.

Our purpose, simply stated, is to prepare our graduates morally, mentally and physically, to be warfare officers in the U.S. Navy and Marine Corps.

President Franklin Roosevelt once said, "This generation of Americans has a rendezvous with destiny." It is my opinion that his comment applies equally, if not more potently, to the generation represented by the young men and women of today. Many, perhaps an abnormally high percentage, of the leaders of that generation will come from this institution. A sobering thought.

In an address delivered on 1 May 1948, the distinguished historian Dr. Douglas Southall Freeman said:

"It may be asserted that in the achievement of victory, the most profitable outlay the U.S. Government has made, anywhere and at any time, is the money spent on West Point and Annapolis. ...Without these articulated forces of training, we never could have the sharpened military mind that assures a measurably correct appreciation in the hour of danger, whether on the beaches of Normandy or in the Wilderness of Spotsylvania."

In remarks prepared for delivery in Dallas on November 22, 1963, a speech he never gave, John Kennedy wrote that "leadership and learning are indispensable to each other." Learning is our central theme. The number one priority is education ... leadership is our product.

In order to achieve our number one priority, we have the very best faculty that we can assemble. Unlike the other service academies, half our faculty are civilian. We believe the civilian faculty is extremely important to the academic excellence we seek. We only hire PhD's. And our PhD's teach — there are no graduate assistants to do the daily routine while they concentrate on research and publication. They even grade their own papers and provide their own extra or after hours instruction. These are professional educators who love to teach. They provide the continuity, the intellectual independence and the depth and currency in their respective fields necessary to ensure that our midshipmen are exposed to a scholarly educational experience.

Recruiting these outstanding civilian faculty is not as easy as it once was. We are lagging further and further behind in faculty pay comparability. Despite a package of bonuses and increased pay steps provided two years ago, we are still about 20% behind comparable institutions. It is difficult to explain to a PhD why an assistant professor at Anne Arundel Community College makes more money than he or she makes at the Navy's flagship institution. We will continue to work on faculty pay comparability to maintain the edge vital to success.

At the same time, the 50% of our faculty who are military are required to hold at least a Master's Degree. They are the military and professional role models, give credence to the practicality of their field and pragmatic balance to the midshipman's educational experience.

Midshipmen are all required to achieve a background of deep technical knowledge. That is one purpose of the core curriculum. Each of our graduates will achieve the necessary technical background to serve and succeed in today's increasingly technical world. Technology is not a fearsome issue for our graduates, but rather a useful and friendly companion in their lifestyle and workplace.

We offer 18 different majors at the Naval Academy, 14 in engineering and technical disciplines and 4 in the humanities. We are, fundamentally, an engineering school, and we expect that the majority of our graduates will be engineers or technical majors. This is not an easy objective.

At a time when technical understanding is at a premium, this nation is at its greatest educational crisis. The average American student today is unwilling to expend the effort required to earn engineering degrees, and are turning to less taxing curricula. Each year, fewer students elect engineering fields of study — and each year our high schools graduate fewer students equipped to enter an engineering school. One half fewer entering freshmen seek engineering degrees today than in 1970. It should come as no surprise that the majority of graduate engineering students in this country today are not citizens.

For those exceptional midshipmen, those with unique backgrounds or overriding interests and commitments to other fields of study, we offer a broad majors program in those non-technical sciences and humanities that can be reasonably related to the naval profession. We prefer that no more than 30% of our majors be in the humanities, but the classes of 90 and 91 drifted closer to 40%. We have reversed that trend with the classes of 92 and 93.

I said earlier that we are enjoined to develop our graduates morally, mentally and physically. We are, in an over-simplification of our charter, about the business of developing the whole person. In that regard, we look for the whole student in our admissions process. Since we are one of the most selective you might ask why do we keep recruiting?

Because even though our applicant pool remains relatively high, the quality within that pool is reflective of the changing demographics among high school students nationwide. For the class of 1993, of the 15,000 applicants only 2,364 were fully qualified candidates who met our minimum academic, medical and aptitude qualifications. The number of high school graduates available from the national pool of students for 1994 will decrease by over 6% followed by a 10% drop for the class of 1995. The number of congressionally nominated candidates has dropped 7% this year and the overall number of applications is down by 17%.

We have a responsibility to recruit aggressively to not only get the very best, but also to represent the entire scope and scale of this country — every area, religion, color, creed, socio-economic background — we want our graduates to be a full scale representation of this nation — as well as broadly-gauged and widely capable.

We look at the whole person in selecting our incoming midshipmen — academic potential and performance, leadership ability, proven accomplishment in athletics, activities, student government etc. We also look at opportunity — clearly not every young person has the social or economic environment that would allow them to demonstrate prowess on the athletic fields or in student government. The young man or woman who must work a full-time job after school or provide child-care for younger siblings may be just as qualified as the student body president or football team captain. We look for the indicators of dedication, commitment and leadership potential. There is much more to being a midshipman than just academics.

The honor concept, mentioned earlier, is one of the most important factors in our leadership development. Integrity is the most widely respected and expected quality in a leader.

These young men and women will all serve in positions of immense public trust. That they have developed the instinctive sense to do the right thing as opposed to the easy thing, qualifies them for the esteem earned by five generations of Naval Academy graduates.

Our program of physical development is unmatched anywhere. Each of our midshipmen is required to participate in one of our 33 varsity sports or 30 intramural and 12 club sports throughout the academic year. We are very proud of our athletic program...no other college or university fields as many sports.

The basic personal tenets of health and physical regimen, not to mention the more subjective precepts of sportsmanship, competitiveness and team spirit that accrue, become individual habits and personal traits that remain with our graduates throughout their lives. And the will to win is an important characteristic of those who will be called upon to defend our country on the field of battle. The principles learned on "fields of friendly strife" will provide great lessons when, God forbid, they stand on fields of deadly strife in defense of their country.

In the area of extra-curricular activities, our program is without parallel. We offer almost a hundred different significant clubs and activities. Everything from flying and parachute jumping to debate, drama and religious study. Our musical programs are recognized worldwide. And each activity is either mission-related or in direct support of the brigade.

Last fall, U.S. News and World Report released their annual special issue on Colleges and Universities. The article does not rate the academies amongst the other colleges and universities due to the unique nature of their charter — but recognizes, "the service academies easily outrank many of their civilian counterparts and clearly belong among America's best colleges."

The same magazine, in the 1988 Colleges and Universities issue, said, and I quote, "...the academies offer a rigorous curriculum, superb physical training, strict moral standards and something that no other institution can promise: guaranteed postgraduation employment."

I have talked with many of my counterparts in nearby colleges and universities, and they freely admit that they graduate some of whom they are glad to be rid. But we can't do that...we hire all of our graduates. And I have to recognize that the young officer to whom I hand a diploma will quite likely work for me in some future command...so I have a very personal interest in every one of our graduates.

Naval Academy graduates have the option to serve in naval aviation, submarines, surface warfare or the U.S. Marine Corps. Our graduates select warfare specialties each year based on a quota system that roughly approximates the Navy's overall officer accession plan. {Fig 1}

Our graduates have been extraordinary leaders since our beginning in 1845. From the first class of Naval Academy alumni with only 47 graduates came eleven flag officers. Since then, the Naval Academy's 57,000 graduates have included over

- 4,000 flag and general officers
- 200 members of the congress
- two governors
- over 1,500 presidents and CEOs of Fortune 500 corporations
- 31 astronauts
- 23 chiefs of naval operations
- seven Commandants of the Marine Corps
- two secretaries of the Navy
- three Chairmen of the Joint Chiefs of Staff
- one Cabinet officer & one Nobel prize winner
- one president of the United States
- 72 Medal of Honor winners

Of the approximately 1,300 that we induct each June, we graduate about 78% (that compared to 50% in the NROTC program). {Fig 2} About half our attrition is voluntary, the other half is academic, disciplinary and physical or

1990 Unrestricted Line Accessions

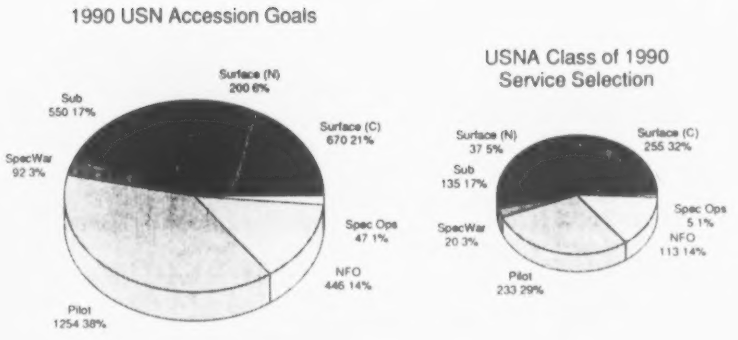
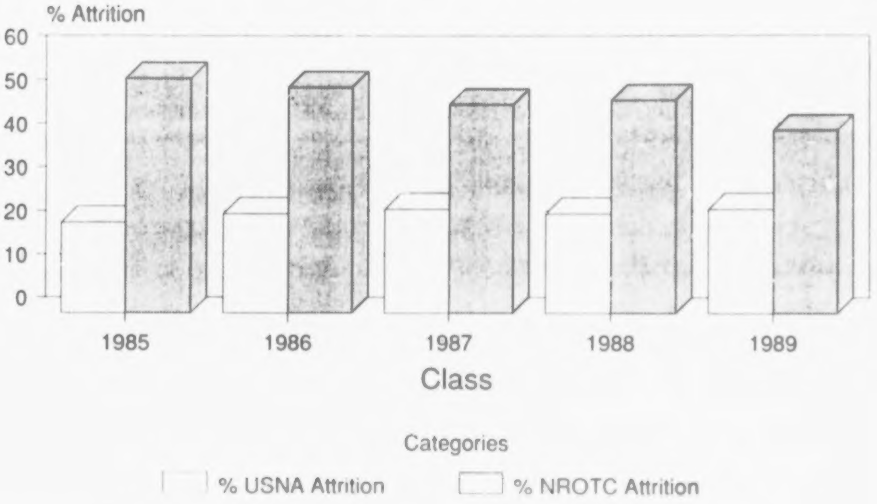


Figure 1

USNA and NROTC ATTRITION in %

Classes of 1985 through 1989



as of 24 Aug 1989

Figure 2

military aptitude.

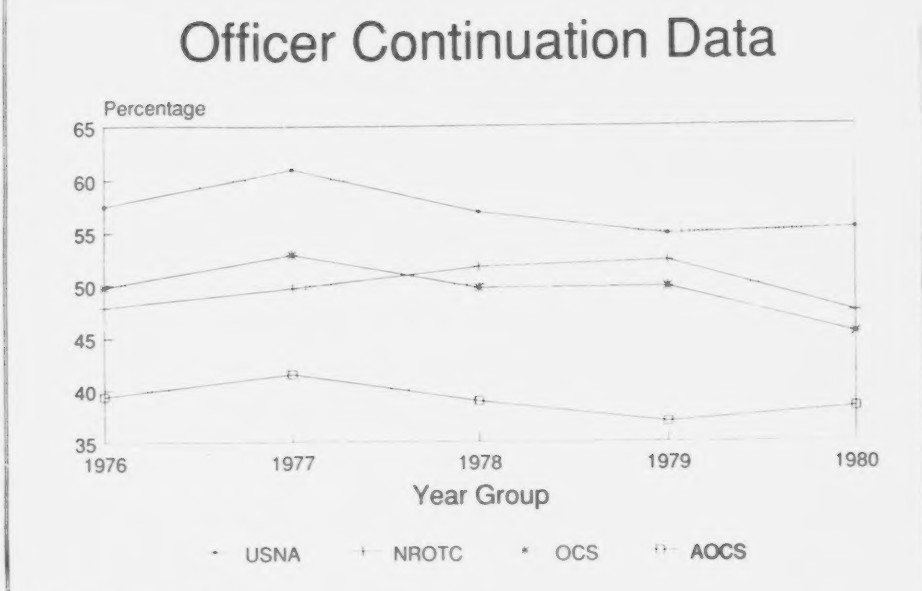
Our graduates tend to stay in the Navy longer than their NROTC counterparts (55% vs 45% at the 8 year point) and over 27% stay for a full 20 year career. {Figs 3 & 4} Nearly half of the Navy's line flag officers are academy graduates although they represent less than 20% of the officer accessions. {Fig 5}

Our costs are comparable with other nationally recognized educational institutions which offer similar programs. The cost per graduate at the Naval Academy is approximately $150,000 over the four years. This compares favorably to the cost of over $141,000 for a graduate of Johns Hopkins. Most academically comparable undergraduate schools average in excess of $150,000 per graduate when computing total costs (tuition, direct costs and endowments). While state schools with their considerably larger volumes of students — almost 29,000 at Maryland vs 4,500 at the Naval Academy — can be less expensive — class sizes are infinitely larger and the sheer volume of students distorts the relative cost equation.

A recent study of NROTC program costs also showed an average expenditure of $63,000 per graduate with numerous programs in excess of or approaching the $100,000 mark. This number which does not include many of the factors used to compute standard college and university costs, across an entire student body such as housing, physical plant maintenance and operating costs, further suggests the relative value of the educational experience at the Naval Academy.

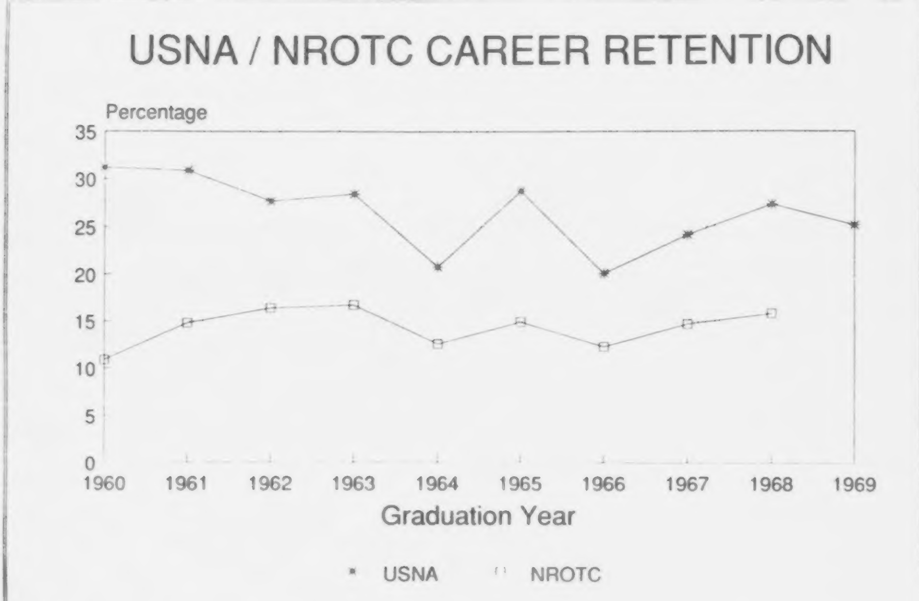
I feel very competitive with our financial expenditures compared to similar institutions and am justifiably proud of the benefit our graduates provide the Navy and Marine Corps. Our graduates have benefitted greatly from an unmatched program of professional development.

Naval Academy midshipmen live a military environment throughout the academic years as well as two of the three summer months spent in professional



Percent retained as of eight years commissioned service

Figure 3



Percent on active duty at 20 years

Figure 4

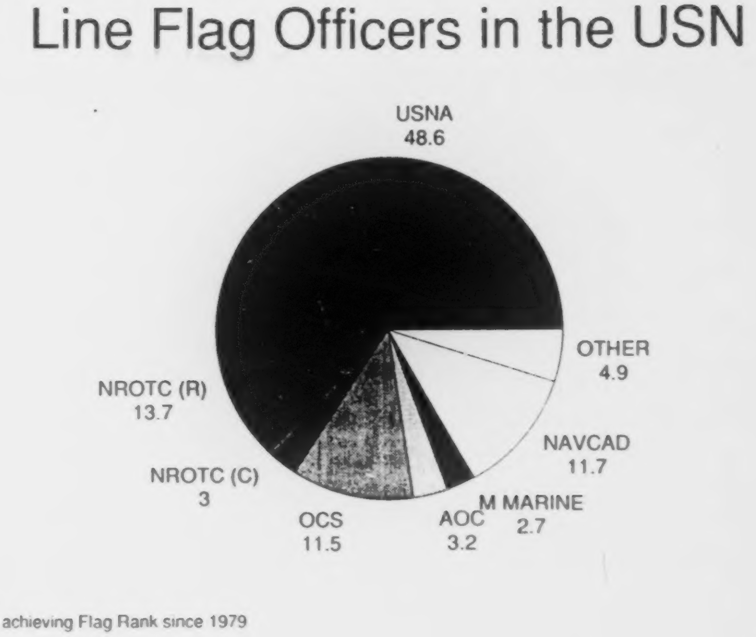


Figure 5

training at sea with the Navy or Marine Corps team. NROTC students spend a total of 18 weeks of summer training through their time of commission compared to 32 weeks minimum for each and every midshipman. Our supporting infrastructure also provides substantial differences in professional development when one considers the breadth of professional extracurricular activities available to midshipmen.

And it should not be overlooked that the Brigade of Midshipmen — 4,500 strong — is essentially a self-governing leadership experience unmatched by the comparatively small NROTC units. Leadership and management are practiced daily by virtually all upperclass students who share in the responsibility of orchestrating the military routine.

Our product is leadership. Naval Academy graduates, in military service and in the civilian sector, are all in leadership positions. In times of great peril and personal crisis, academy graduates distinguish themselves through their valor, dedication — and most of all — leadership. One need only look at the recent Vietnam POW experience, where our servicemen were subjected to indescribable horrors and indignities, incredible physical and mental depravities — and throughout, Naval Academy graduates — names like Denton, Lawrence, McCain and Stockdale — distinguished themselves by their singular depth of purpose, patriotism, dedication and leadership. They provided the leadership and example for the rest of our POW's who so proudly withstood the pain and suffering of years in Hanoi Hilton and other infamous locales. The vast majority of POW's were not academy graduates — however, the vast majority of the leadership in the POW camps were academy graduates as evidenced by the awarding of medals after they were finally repatriated.

Abraham Lincoln said, "A mind stretched by a new idea never returns to its original dimension." Our intent is to stretch these magnificent young minds to the outer limit...to teach them to push the edge of the envelope in every dimension, to always reach beyond their grasp. Churchill said, "Success is living up to your potential." We intend to ensure that each of our graduates qualifies for that label.

The nation has entrusted to us its one and greatest national treasure — the best and brightest of its youth, its future — and we are fully equal to the challenge.

Senator GLENN. Thank you, Admiral. General Hamm.

STATEMENT OF LT. GEN. CHARLES R. HAMM, USAF, SUPERINTENDENT, UNITED STATES AIR FORCE ACADEMY; ACCOMPANIED BY LT. GEN. THOMAS HICKEY, DEPUTY CHIEF OF STAFF FOR PERSONNEL, HEADQUARTERS, USAF

General HAMM. I assume, sir, my longer statement will be made part of the record.

Senator GLENN. It will indeed without objection.

General HAMM. I just read an interesting book called "Servant Leadership" written by Robert K. Greenleaf. In it, he says the danger perhaps is to hear the analyst too much and the artist too little. I think as leaders and decisionmakers we need to be both analysts and artists.

With that in mind, I would like to address, first of all, some intangibles in training and education at the Air Force Academy. The focus of our mission, of course, is to provide the instruction and the experience so that our graduates have the knowledge, character and the motivation to be leaders and career officers in the Air Force.

We just completed a recent study where we reviewed our qualities, the qualities we think a graduate should have. Here is what we came up with. Graduates of the Air Force Academy enter the Air Force with a unique combination of experiences—military, athletic, academic, ethical—designed to produce:

Career officers with a special set of qualities:

Officers who have the skills provided by a sound and balanced undergraduate academic curriculum and the ability to formulate problems and devise and implement solutions in diverse and ambiguous situations;

Officers with a firm understanding of the role of the military in society, the history and traditions of their service, and an appreciation of military customs and courtesies;

Officers who can meet the very challenges that are traditionally the calling of the military, including the ability to communicate and work effectively and compassionately with others;

Officers with high moral standards who recognize the ethical aspects of situations, determine the right things to do, and then do it;

Officers who have the self-discipline, adaptability, stamina and courage to perform their duty responsibly in both routine activities and the extreme and prolonged conditions of risk and stress that occur in the national defense;

Officers who subordinate themselves to the service of their country, the Air Force and their unit in war and peace;

Officers who inspire pride in their units and are predisposed to a career in the Air Force and a lifetime of service to the Nation; and

Officers who are committed to life-long personal and professional development and growth.

We think we are doing rather well in developing those qualities in our Air Force officers, and to address some of the measures of merit that were looked upon by the Budget Office, I would like to explain some of the figures in this handout.

Do the Members have a copy of this handout?

If you will look at the first page, we show a chart comparing retention with the other sources, ROTC and Officer Training School. The academy is the line on the top. OTS is the line that begins in the mid 1970s. Apparently the data were not available before that, and ROTC is the bottom line.

You will see, with the exception of a period between about 1975 and the late 1970s the academy did very well compared to the other sources as far as retention was concerned.

If you will turn to the next page I will go through this briefly. At the top of the page you will see our retention rates at four points: 7 years, 10 years, 15 years and 20 years.

At the bottom of the page are what I think telling statistics: 50.6 percent of our graduates have remained on active duty past 20 years, 23.7 percent have remained on active duty for more than 26 years, and 19.1 percent have remained on active duty for more than 27 years.

How are they doing promotion wise? That is on the next page. We have the various ranks. These are averages from 1979 through 1988. 60.5 percent of academy graduates have been promoted to colonel compared to other accession sources, 42.3 percent. Lieutenant colonel again an advantage, 74.9 percent compared to 62.1 percent; major, 89.3 compared to 77.4 and so forth.

Below-the-zone promotions (early promotions); as you will see in the numbers there are over twice the rate.

On the next page we have picked up a couple more measures of merit. For example, how do our graduates do in undergraduate pilot training and undergraduate navigator training compared to other accession sources. You will see that we beat other accession sources by an average of 6 percent in pilot training. The washout rate is that much better. The navigator training rate is half that of the other accession sources.

Down at the bottom of the page you will see how our graduates do in service schools, intermediate service schools—Squadron Officer School and Air Command and Staff College. You will see that although we were 7.6 percent of the officers attending Squadron Officer School, 23 percent were distinguished graduates. In Air Command and Staff, 16.3 percent was our population, but they won 34.8 percent of the distinguished graduate awards.

For general officer, although less than 10 percent of the accessions come from the Air Force Academy, 31 percent of the general officer selections have been Air Force Academy graduates.

So we think, in these tangible ways, our graduates are doing very well.

Sir, that concludes my statement.

[The prepared statement of General Hamm follows:]

PREPARED STATEMENT OF LT. GEN. CHARLES R. HAMM, SUPERINTENDENT, UNITED STATES AIR FORCE ACADEMY, COLORADO SPRINGS, CO

Good morning, Mr. Chairman and members of the committee. Thank you for this opportunity to address this committee and discuss the role the United States Air Force Academy plays in the total Air Force officer procurement process.

You have already heard Mr. Cooper discuss the process we use in the Air Force to procure officers each year and the role we at the Academy play in that process. To reiterate, the Air Force Academy offers the Air Force an annual, stable source of 950–1,000 new lieutenants, who are intensely schooled in the requirements and values of defense leadership. The bulk of these officers go on to become pilots in the Air Force. In fact, each year 65 percent of the graduating classes enters pilot training, nearly a third of the pilots produced by the Air Force each year. The remaining 300 to 350 graduates enter career fields throughout the Air Force. Many of these, nearly 150–200 per class, end up in engineering and science laboratories and acquisition positions. What I would like to discuss with you today, however, is the important role I think the Air Force Academy plays in educating tomorrow's leaders.

The mission of the United States Air Force Academy is to provide instruction and experience to all cadets so that they graduate with the knowledge and character essential to leadership and the motivation to become career officers in the United States Air Force. Every year about 1,400 of America's brightest young people embark on a journey into a future of public service. Many will be unable to maintain the pace we demand in our training and education programs. In fact, each year nearly a third will fall by the side of the road, both voluntarily and involuntarily. For this we make no apologies. The Academy program demands much, because the profession demands much. History has shown us that these young people will mature into the leaders who will guide our country in an uncertain future. One glance at a newspaper or the evening news demonstrates the enormity of the task of preparing them. They must be skilled in such diverse disciplines as engineering and technology, diplomacy, management and leadership, and human nature and experience. Further, they must have the strength of character and integrity to face up to uncertain situations and adversity and still do what needs to be done, and do it well.

We think we produce a superior officer for the Air Force in a cost-effective way. Of course, when looking at such concepts as cost-effectiveness we must examine both sides of the equation. On the benefit side, the intense nature of cadet training provides cadets many opportunities to develop. Military training and flying programs provide chances to experience, first-hand, leadership situations and to learn from those experiences. Academics provides intellectual and practical background in a multitude of disciplines, adding to the cadets' experience base and helping them develop finely tuned problem solving skills. In the athletic program we challenge both their bodies and their minds, leading them to the understanding that a healthy body and a trained mind work together to amplify an officer's capability. Finally, an intense dedication to developing strongly seated ethical values rounds out a professional development program which I, think is unequaled in any profession anywhere in the world, outside of our own military academies. The net result of this intensity is almost a thousand new officers each year who are already well along the professional development learning curve.

These officers have performed exceptionally well since the first class in 1959. One hundred twenty-four of our graduates have given their lives in combat, and 16 have been awarded the Air Force Cross for Valor in combat. During the Viet Nam War 31 graduates were prisoners of war, and 1, Capt. Lance P. Sijan, was awarded the Medal of Honor for his selfless actions while a prisoner. Since our graduates have been eligible to compete, 18 of 42 new astronauts have been Air Force Academy graduates, 43 percent of all those selected from all walks of life, both military and civilian. To date, 108 graduates have been nominated/promoted to general officer, and two have attained the highest peacetime rank of four stars. Across the board, Academy graduates serve their country well. To date 11 classes have bean on active duty long enough to have become eligible to retire. Of these classes, an average of 52.5 percent of the graduates have remained on active duty for at least 20 years, and 24.5 percent of those eligible have stayed for over 25 years. And, the future holds similar promise, because since the mid-seventies an average of 79.2 percent of our graduates have remained on active duty beyond their initial commitment point.

Of course, any cost-benefit analysis must include a discussion of the costs. I would be the last to try to convince you that a military academy is an inexpensive option for producing officers; it isn't. Each year, the United States invests nearly $250 million dollars in the operation and maintenance of the Air Force Academy. This committee has asked the GAO to look at what the American taxpayers are receiving in return, and we welcome any suggestions they may have. On the matter of costs, however, I would like to make a few points to amplify those I have already made on the benefits of an Academy. At the Air Force Academy we serve as stewards of more than public dollars; we nurture the development of America's future leaders, and, therein, America's future. Our Nation's military academies attract some of the most capable of American youth into public service, and this has been a strong point of the academies since West Point opened its doors. In an era of the all-volunteer military this attraction is especially important, because, unlike many leadership professions, military leaders must be developed from within the military services from the time they are second lieutenants, instead of by cross-flow from other professions. I have already discussed the percentage of those we train that remain on active duty. It is highly unlikely that this many with so much talent would be enticed to serve the Government without the attraction and prestige a degree from one of the Nation's service academies offers. This is especially true with upwardly mobile middle-class students, especially minorities who have come to comprise nearly 20 percent of our classes at the Air Force Academy. Of course it takes first-class programs and facilities to continue to attract such highly talented youngsters and a concentrated effort to motivate them to enroll. In this effort, we are doubly thankful to this committee and the entire Congress, for it is you who authorize and appropriate our budgets, and it is you who nominate most of these outstanding young people for appointment.

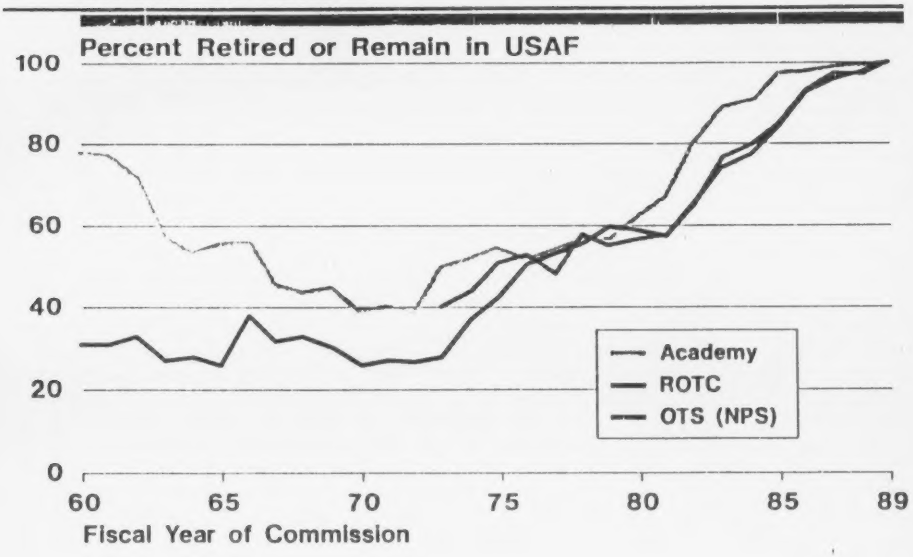
At the same time we are well aware of the problems presented by the need to reduce the Federal deficit. Let me point out that the Air Force Academy has had what has essentially been a neutral growth budget since the mid-eighties, and the small growth that occurred during the late seventies and early eighties was merely the establishing of realistic budget baselines for an institution that had ceased being new and had begun to require maintenance. Still the total amount of real growth, during this time was less than 15 percent of the prevailing baseline in fiscal year 1980. In fact, the Air Force Academy has proposed no new programs which would require additional funding since it submitted its Fiscal Year 1988–92 Program Objective Memorandum in 1986. Further, at the present time the Academy has a 6-year defense plan which contains a funding profile with nearly 5 percent negative real growth by fiscal year 1997. While I am not satisfied we will be able to do all we should with these austere budgets in the next few years, I am confident we can maintain the fundamental integrity of our education programs, if we do not experience further erosion. I must point out, however, that we cannot and will not rest on our laurels. This means we cannot avoid investing in the necessary facilities and equipment to keep up with developments in an increasingly technological world. Unfortunately, this process is not cheap, as is evidenced by the amount of Federal dollars flowing into civilian universities all over the country, but it is manageable.

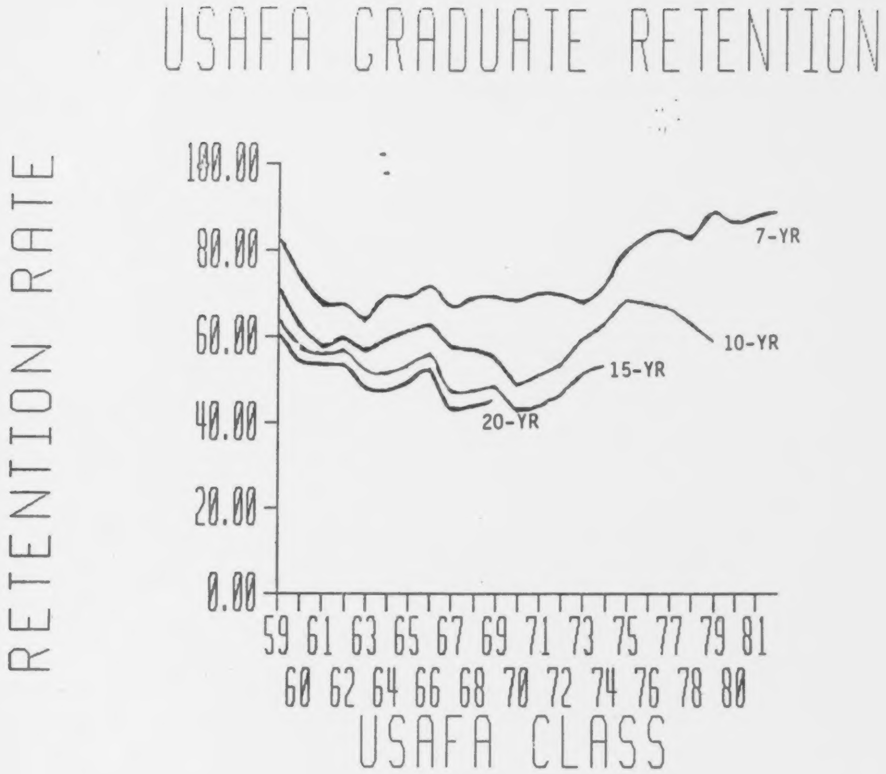
I am also aware that this committee has expressed concern about the cost of our all-military faculty. We have steadfastly maintained that this faculty concept has best served the needs of the Air Force since the Academy was opened. In our faculty we have role models for our cadets from virtually every career field in the Air Force. These officers are able to bring anecdotal support for their courses into the classroom, capitalizing on their experiences as line officers. Additionally, since they are career officers, not career teachers, they devote virtually all of the 4 years they are assigned to the Academy to developing the cadets. This includes such diverse activities as providing unlimited tutoring outside of classes, augmenting cadet squadron commander staffs in such positions as ethics advisors and training officers, and coaching and advising cadet teams and clubs. Perhaps most importantly, these officers, through their daily example, show cadets that there is a place for intellect in the military profession, a point especially important to those of us who experienced the allegations and rebuff of the Viet Nam era.

The benefits of a military faculty do not end here, however. Each year the Academy graduates two classes. One you are well familiar with, each year's seniors. The other is less recognized though. It is the group of 15O–200 officers who leave the Academy for other Air Force positions at the end of their tours. These officers have spent 3 to 4 years mixing with other officers from all parts of the Air Force. This cross-flow of experience and information is like an additional professional development course, and our faculty alumni have been quite adept at capitalizing on its professional value. One of those alumni is National Security Advisor Lt. Gen. (Ret.) Brent Scrowcroft who once headed our Political Science Department. Many have gone on to become general officers, and many more have assumed leadership positions throughout American society. This equation is not totally tipped in the direction of benefit, however. By our estimates, to replace our faculty with up to 50 percent civilian instructors would increase our operating cost for the Dean of Faculty by nearly 25 percent. Since most of the faculty instructors are captains, total outlays for teachers generally are less than $45,000 per year. In the face of severe shortages of educated engineers and scientists, we could not expect to hire civilian faculty for so little. Further, the present civil service pay structure does not permit sufficient, competitive salaries and would serve as a significant detriment to recruiting talented teachers. Additionally, we could not expect the significant amount of uncompensated overtime to support military and athletic training from these civilians as we are able to get from military faculty officers, who are now required by Air Force manpower standards to work 9.5 hours per day and routinely put in 50–60 hour weeks. Of course we would be more than willing to change course if we felt our instruction was not up to the high standards demanded by the quality of our students, but such is not the case. Without exception, every accrediting body to ever visit the Air Force Academy has accredited our programs for the maximum time period possible. Each of these reports has praised the quality and dedication of our faculty. I am convinced that, for our purposes, our faculty concept is exactly what we need.

In conclusion, I would like to thank the committee once again for the opportunity to address these issues. At a time of rapid change in world society and the resulting defense environment, we need to reexamine the way we do business. At the Air Force Academy this process is already in motion. We are diligently applying our experiences to making sure that we well and faithfully educate the invaluable resource with which we have been entrusted, the most capable of American youth. At every juncture we will continue to try to develop in them the skills, the knowledge, and the integrity to lead in an uncertain, and therefore dangerous, world. I am confident that our military academies can continue to produce the intelligent, toughminded, and competent leaders our Nation will need to prosper in the future.

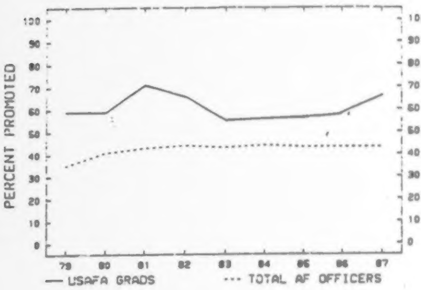
USAF Career Behavior
1960 to 1989



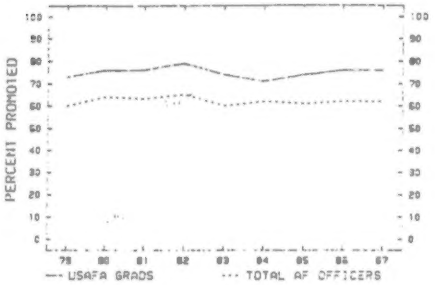


	remain on act duty 20 yrs	%	remain on act duty 26 yr	%	remain on act duty 27+ yr	%	Total AF Comm
1959	132	64.4%	62	30.2%	47	22.9%	205
1960	128	58.7%	56	25.7%	44	20.2%	218
1961	118	55.4%	52	24.4%	40	18.8%	213
1962	164	56.6%	61	21.0%	46	15.9%	290
1963	248	50.7%	104	21.3%			489
1964	242	48.9%					495
1965	261	51.5%					507
1966	251	54.2%					463
1967	230	44.6%					516
1968	274	45.2%					606
1969	317	47.2%					671
11 yr av	2365	50.6%	335	23.7%	177	19.1%	4673

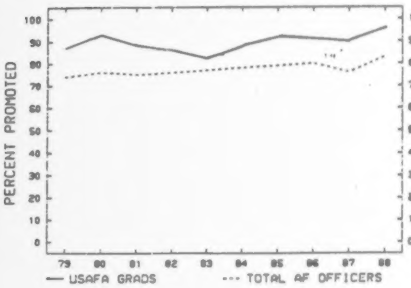
LINE OFFICER PROMOTION TO COLONEL: 79 - 87
USAFA GRADUATES VS TOTAL AF OFFICERS



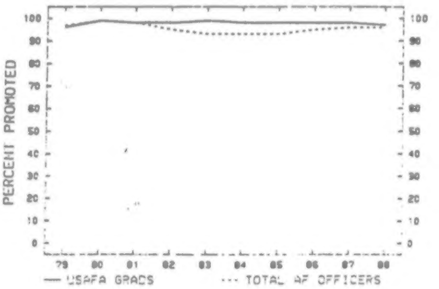
LINE OFFICER PROMOTION TO LT COLONEL: 79-87
USAFA GRADUATES VS AF OFFICERS



LINE OFFICER PROMOTION TO MAJOR: 79-88
USAFA GRADUATES VS AF OFFICERS



LINE OFFICER PROMOTION TO CAPTAIN: 79 - 88
USAFA GRADUATES VS AF OFFICERS

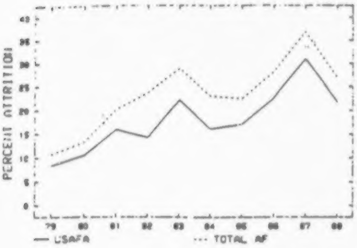


Comparison of Average Promotion Rates for CY 79-88
Between USAFA and Total AF Line Officers

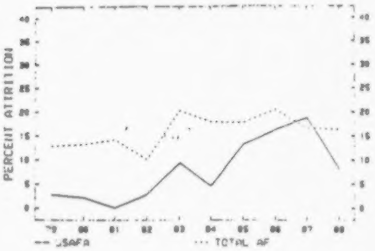
Promotion Category	Percentage Promoted	
	USAFA Graduates	Total AF Line Officer
Colonel: Primary Zone*	60.5	42.3
Below the Zone*	6.8	3.1
Lt Colonel: Primary Zone*	74.9	62.1
Below the Zone*	6.2	2.6
Major: Primary Zone	89.3	77.4
Below the Zone	2.5	1.2
Captain: Primary Zone	97.9	95.5

* No promotion boards were held for Lt Colonels or Colonels during CY 1988 so percentages for those ranks represent the average from CY 79-87.

COMPARISON OF FY 79 - 88 UPT ATTRITION
USAFA GRADS VS TOTAL AF



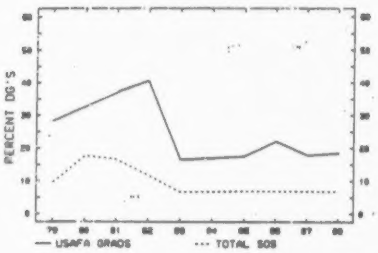
COMPARISON OF FY 79 - 88 UNT ATTRITION
USAFA GRADS VS TOTAL AF



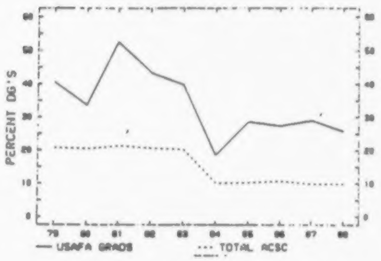
Comparison of FY 79-88 UPT/UNT Attrition Rates
Between USAFA and Total AF

Category	UPT	UNT
USAFA	18.0	7.8
Total AF	24.2	16.2

DG SELECTION RATES AT SOS: 79 - 88
USAFA GRADS VS SCHOOL NORMS



DG SELECTION RATES AT ACSC: 79-88
USAFA GRADS VS SCHOOL NORMS



USAFA Graduates' Performance at SOS and ACSC

Resident Program	Percent Earning D.G. Award Of Total Attending	 Of USAFA Grads Attending
Squadron Officers' School Classes 1962 A - 1988 E	7.6	23.1
Air Command and Staff College Classes 1969-1988	16.3	34.8

Senator GLENN. Thank you very much.

We will go by the 6-minute committee rule.

I indicated in my opening remarks that it is practically inevitable that officer strength will be reduced substantially over the next few years, and that means that officer procurement machinery has to be adjusted, also.

I have looked at the academies generally as being a solid number every year no matter what, the flex forces being the ROTC and the other officer accession methods.

Lawrence Korb, the former assistant Secretary of Defense for Manpower in the last administration, has been quoted recently as saying, "Somebody ought to sit down and say now that we are downsizing, who are we taking in as officers.?" That means that even when you are dealing with 200 years of tradition, somebody ought to look at the balance of service academy and nonservice academy graduates.

Grant Green, previous Assistant Secretary of Defense for Manpower, agrees. He is quoted as say, "Frankly, I do not think there is anybody thinking about these things in the Department. Ideally, they should."

Mr. Jehn, do you agree with the remarks of your predecessors, and have you issued any policy guidance to the military departments with regard to the appropriate procurement mix of officers by source as the officer force is reduced?

Mr. JEHN. We have issued no guidance on the appropriate mix today, but we are reviewing all of this in light of the force structure changes that are occurring and the planning we are doing for 1992 and beyond.

Meanwhile, though, as you have noted, in the short term, adjustments in officer accessions are most easily made by adjusting the input from officer candidate school and less so from ROTC, and still less from the academy. I think the experience we have had in 1989 and 1990 reflects that and what we are proposing for 1991.

Senator GLENN. Every time we get together, we talk at least a little bit about the Total Force Policy Study going on. Is that to include some consideration of this within that Total Force Policy?

Mr. JEHN. We had not planned on directly addressing the issue of officer accession mix in that study, but obviously the results of that work will affect subsequent work we will do within the OSD staff on planning the appropriate mix of officer accessions.

Senator GLENN. Mr. Wincup, Maj. Gen. Robert Wagner of the Army's ROTC command is quoted with regard to the officer procurement mix in the Army as officer strength is reduced as saying, "It's a very important time right now because we've got to defend this command. We should not be the perennial billpayers."

What are you doing to balance the sources of production of officers in the Army, and do you rule out any particular sources from any reductions you may make?

Mr. WINCUP. Well, Mr. Chairman, we are looking carefully at sources, and we would not rule out any sources at this point because obviously as the Army goes through a downsizing we need to keep all things on the table. We are trying to keep a balance as we go through the process in the out years; but frankly, our numbers are changing to some degree as we try to anticipate what is going to happen in the budget environment.

Senator GLENN. Okay, Mr. Wincup, again, of all the military services, the Army has what we call a mismatch between those officers produced and those actually brought on active duty. Of all the military services, the Army has the worst mismatch between its officer accession requirements and its officer production. For example, last year in fiscal year 1989 the Army produced 13,569 officers from all sources—that is every source combined—but brought only 8,595 on active duty.

Now overproduction continues out over the next 4 years because prospective officers are already in the academy in the ROTC pipelines.

Do you need any legislative authorities to help you reduce overproduction? For example, should the ROTC scholarship program and the enrollment at the military service academy be lowered, a combination of both, or none, letting the academies go as they are, taking all the changes elsewhere?

What do you recommend? Obviously we are not quite at two to one. We produced almost 2 to 1, not quite but 1.75, to what we actually brought on active duty. Why?

Mr. WINCUP. One of the reasons we produced those numbers is that about 50 percent of the officers who come out of ROTC go to the Reserve components, a very important source of commissioned officers for the Reserve components, the principal source as a matter of fact.

So the fact that those people effectively do not go on active duty is not an indication that we are not getting good use out of them. They are, in fact, serving the Government well. As we downsize the Army we do need, though, to look at the questions of should we maintain our ROTC production and what that level should be and, frankly, what the amount of ROTC involvement and its availability is throughout this country. It is an important societal question as we go through this downsizing, and it is one we are trying to take into account.

Senator GLENN. I believe we had some figures that showed a lot of people coming out of ROTC who were never even commissioned because they were surplus. Is that correct?

Mr. WINCUP. I do not recall. We commissioned all individuals, although there were people last year we could not bring on active duty which we would have liked to, and had to delay that active duty accession until this year.

Senator GLENN. To get back to my original question, do you need any legislative authority to help you work on this problem?

Mr. WINCUP. Sir, none comes to mind. Let us think about that, and we will answer that for the record. At this point, I am unaware of any that we need.

Senator GLENN. Mr. Jehn, in the current DOD budget crunch it would seem to me you would be looking for the most efficient way to produce the kinds of officers you need. CBO's results show that, using the Army as an example, the average academy graduate costs DOD $229,000 in 1989 compared to $55,000 for the ROTC scholarship graduate. Academy graduates cost about 300 percent more, and the time figures that they stay on duty have already been discussed.

The differences are even larger between the academy graduates and those from OCS. In 1989 academy graduates cost about 1,400 percent more and are likely to stay only about 7 percent longer.

I am not an advocate. Before anybody jumps up and yells, let me say I am not an advocate of the lowest cost for the best return as though it is something you just put so many dollars into and you grind out the same product from every source. You do not do that. We know that. A lot of things with which we are dealing here are intangibles that are very difficult to measure.

Having said that, it seems to me the costs and return on investment also cannot be ignored, particularly where there are such big differences as they appear on the chart. Either one of two things is happening, either we are not counting all the expenses, or we are turning out an inferior product one place as compared to somewhere else. There could be a dozen different variables there that I could dream up.

Mr. Jehn, have you done any cost benefit analysis on the officer procurement mix of the military services that you can share with us?

Mr. JEHN. None that I can share with you right now, but we have under way right now a study which looks at the service academies' performance. The work you have commissioned from the Congressional Budget Office and the General Accounting Office is going to be very helpful to us. We hope to be able to issue both some guidance to the services and some reports to you towards the end of the summer coinciding with the conclusion of GAO's work. Our staff and the GAO folks have been working closely together all along, so that is going to help us.

Senator GLENN. My time is up. Senator McCain.

Senator MCCAIN. Thank you. Mr. Chairman.

I would like to ask the superintendents, there has been concern expressed about the impact of the 6-year obligated service at the service academies on minority cadets and midshipmen. Is that a concern? How serious is it? Is it a concern different from that expressed by other interested groups?

We will begin with you, General Palmer.

General PALMER. Sir, I am not sure how to answer the last part of your question because I do not know what the concern is.

Senator MCCAIN. The concern of other nonminority people who might be——

General PALMER. Okay. We know from surveys that even at 5 years we lose about one out of five of the people we most want to, of the people you nominate and we give an appointment, 20 percent turn us down. One of the leading reasons is the 5-year obligation.

Senator MCCAIN. How much is that exacerbated by the additional year?

General PALMER. Based on one survey that I have seen, it would be about another 20 percent.

Right now we are at the margin. You mentioned minorities and women. We are at the margin in those two categories. That is the most difficult area in which we recruit across the Nation. It is hard to get our share of the college-bound, bright young minority men or women who want to serve in the military. The pool is not large, and we are close to the point that each one qualified gets accepted. If we start making it less appealing to come to the academy, the number of minorities and women is just bound to go down.

Senator McCAIN. General, what is the current number of applicants for admission to the West Point?

General PALMER. The total number of applicants will vary from year to year between 12,000 and 13,000 right now.

Senator McCAIN. How does it compare with 5 years ago?

General PALMER. It was about the same. It has held pretty level for several years now.

Applicants are those who show an interest and open a file and fill out the forms and take all the tests and so forth. Then they start dropping out. Many of them, because of the obligation, decide they would rather go somewhere else. These are talented people who can go wherever they want in the country at no expense to themselves.

Senator McCAIN. Is your argument, then, that we should have no obligated service?

General PALMER. No, sir, not at all.

Senator McCAIN. Is your argument, then, that people are attracted to the service academies only in order to get an education but not for career purposes?

General PALMER. Not quite, but I think a 16 year old, a junior in high school from a civilian community somewhere in our country who is trying to decide what he or she wants to do in an environment where we do not have a draft, where people do not have to serve, where very few people come in the military across the board now looks at service differently than an adult. They are 16 or 17 and they contemplate going to go to West Point for 4 years, followed by 6 years. That is 10 years. That is a decade of their life in a very demanding, highly disciplined lifestyle with which they are unfamiliar, and they do not know if they want to be a soldier all of their life. "I am willing to go"; they say. "I am willing to serve my country for a while, but I can go to ROTC and get the same thing for 3 years."

Senator McCAIN. I believe it is 4.

In your view, what should the number be, General?

General PALMER. I would say 4. I would like to have it at 4. Four years in active service and 4 years in a Reserve component would be a good 8-year commitment for the service.

I happen to have come in the Army when the obligation was three years. I think what we are trying to accomplish, at West Point, and as I understand your position, is to keep people in the service for a long time after they graduate from West Point. We also want to get high quality, the highest quality people we can.

Since the Korean War we have had active duty service obligations for 3 years, 4 years, and 5 years. Interestingly enough, those graduates who have retained in the military the longest come from that period where we had 3 years. Those who have retained the least come from the period where we had 5 years.

Senator McCAIN. What period was that, General?

General **Palmer**. We had 3 years from 1953 until 1962, I believe, and then 4 years from 1962 to 1968 or 1969, and 5 years since then.

The point is that people stay in the——

Senator **McCain**. A lot of things happened during those periods, General.

General **Palmer**. Absolutely. People stay in the service for other factors, not how long you make them stay in. Take the force structure, if we are expanding and growing and there is a threat to the Nation, people tend to stay in a long time. The classes that graduated from West Point in the early 1960s stayed in a long time because we were expanding the Army and we were moving into war. Those who came in in the early 1970s left at the highest rate because we were contracting, we were telling them we do not need you in the Army. We were removing people from the Army, and there was no threat to our Nation or there was little likelihood of war at that time.

There are factors other than the retention.

Senator **McCain**. My view of that history, General Palmer, had nothing to do with expansion or contraction of the size of the army. It had a lot to do with public perception of military service and the impact of the Vietnam War.

Admiral Hill, would you like to respond?

Admiral **Hill**. Well, sir, my concern about any increase in the active duty service obligation has to do with the number of candidates. As I noted in my brief testimony, we are already down 17 percent in number of overall candidates and, thus, the number of qualified candidates is down for the class of 1994 to just over 2,000. From that, we will select about 1,600 to make offers to.

Right now, high school graduates in the country are down about 6 percent. Next year the number of high school graduates available is going to be decreased by about 10 percent. Adding to that factor is our study, based on a review which asked midshipmen who are at the Naval Academy what difference a 5- to a 6-year obligation would have made in their decision to attend the academy, and, about 15 percent said they would not have applied.

So if you accept that as a rough approximation, you take the 10 percent reduction in high school graduates, add the 15, perhaps 20 percent reduction in number of applicants because of the increased active duty service obligation—and I have nothing to do yet but just to worry about it until we see what happens—but my worry is that the number of qualified applicants will decrease to the point that we will have just the bare minimum required in order to make the number of qualified offers.

More importantly, every single percentage reduction is going to impact our minority recruiting because our toughest competition is, in the recruiting of minorities. So any percent reduction in qualified applicants is going to be, as the General said, one for one on minorities.

We do not know what the effect is going to be. We can only do these surveys and projections and guess, but I am concerned about it.

Senator **McCain**. So you would like to see it back to 5 or 4 or none?

Admiral **Hill**. If I had my choice, I would see it back to 5.

Senator **McCain**. General Hamm?

General **Hamm**. I think the question has been pretty well answered. We do not know what 6 years is going to bring because that is not in effect yet.

It is still a buyer's market. Even though the number of high school graduates is going down, we are finding very high quality candidates. I think we will probably lose some of the higher quality candidates because they have so many other attractive alternatives, and the disappointment there is that we never got to expose them to a military career which they might have undertaken.

Senator **McCain**. Finally, General, according to GAO the Air Force reported $73,175 as the cost for the time academy staff spent in support of the Board of Visitors. They must have had a swell time.

General **Hamm**. They will have to answer for themselves, sir.

Senator **McCain**. Maybe you can answer for that kind of expense.

General **Hamm**. I cannot. I will be happy to investigate that. I have not analyzed that expense before.

Senator **McCain**. We would appreciate that for the record.

Thank you very much, Mr. Chairman.

[The information referred to follows:]

Program Management			
520 manhours (Lt Col)	($42.44/mh)	$22,069	
832 manhours (Maj)	($36.00/mh)	29,952	
728 manhours (GS-9)	($19.92/mh)	14,502	
Manpower Subtotal			$66,523
10% additive for prorata benefits		6,652	
Supplies/Services Personnel Total			$73,175
Printing		121	
Medical Supplies		20	
Transportation		479	
Audiovisual/Photographic		359	
Subtotal Supplies/Services		979	
TOTAL COSTS			$74,154

These are the total costs to the Air Force Academy for hosting two Board of Visitors meetings, reported on GSA Form T-82O-H as required by the Federal Advisory Committee Act. Both of these meetings were conducted according to the guidelines in both the Federal Advisory Committee Act and 10 USC 9355, Board of Visitors. The meetings were properly announced in the Federal Register and were reported to the President as required in 10 USC 9355. None of these funds were used for entertainment, since the only entertainment offered the Board consisted in observing cadet activities, specifically the Wing Open Boxing Tournament.

The bulk of the reported costs are for the total executive services provided the Board, including planning, liaison, meeting execution/control, and federally required reporting. Although the GAO testified these services should be greater, both the Board and the Air Force feel these costs are appropriate in both what is achieved and in size. I trust this answers your concern about potential abuse of Federal money associated with the Academy Board of Visitors meetings. I can assure you that Board President, Senator Barry Goldwater, runs a tight ship, and I completely support him.

Senator GLENN. Thank you. Senator Exon.

Senator EXON. Mr. Chairman, thank you very much.

First, I want to say to all of you that this is one Senator who is tremendously proud of our military institutions. I have had the privilege to serve on the Board of Visitors of two of them, and I think they are absolutely vital to the future of the national security of the United States. So what we are talking about here today is how we fit all of this into the new budget constraints with which we are wrestling.

First, I would like to ask what about the selection process? Since I have been in the Senate I have had a very wonderful board that has done a very time-consuming job of reviewing all of the applications of young people who apply to our office for admission to one of our academies. I have been told by our people that we have always had high quality people applying but in recent years they honestly feel—and some of those who have served on that seven-person board have been there from its inception—that, if anything, the quality is improving for those who are applying, at least for those from Nebraska.

Let me ask you how you as superintendents of these institutions view the present process of recommendations through the Members of Congress.

My office has taken a nomination process with which I think you are familiar. I do not know how widespread my office process is. I assume others are using this system, but instead of picking one individual we recommend the ten highest people in the evaluation of our committee to you in the academies, and allow you make the final selection. I do not know what the final selection process is or how you make it, but you have done a fine job because we have had good experience with that kind of a system.

Do you prefer that kind of a system as opposed to the nomination of only one, two or three individuals by a Member of Congress?

General PALMER. Yes, sir, I do. Most Members of Congress do as you have stated now, and my personal feeling is that across the board the country is best served by that because we get a pool of young people for each vacancy who are very high quality. I think that contributes to the quality of the youngsters we are getting in. It also works to the benefit of that Member of Congress who has a committee or who personally through his staff selects a slate of 10 people who are top notch, because then that Member has a very good chance of getting large numbers of his constituents or her constituents into the academy. So it works out to the benefit of the constituents, the Members of Congress and the academy itself. We like it.

Senator EXON. Admiral Hill and General Hamm, do you have anything to add?

Admiral HILL. Just to say I support exactly what the General says. Our admissions board loves to work with your staff. They are very, very responsive, and the interchange is very productive. We spend a lot of time going through the records and ranking these candidates and trying to pick the best potential, looking not just at grades but at the whole person, their involvement in lots of activities and sports and everything they do to look for the best potential for leadership. I think we do a very good job in that process.

Let me say that we also have learned to look for opportunity as well. Sometimes you see a bright young man or woman who has good grades but there are no sports, no extracurricular activities or nothing else to recommend them, but if you pull that thread just a little bit further, you will find that there was no opportunity for that because that person was working two jobs after class or was required to go home and provide child care for a younger sibling so that a single parent could work.

So we have learned to pull that thread just one bit further because opportunity to show that kind of leadership potential sometimes does not exist.

I think the system as we have it now is working extremely well.

Senator EXON. General, do you have anything to add?

General HAMM. I agree; nothing to add.

Senator EXON. To give me some idea, do half the Members use some similar process for making their nominations, or two-thirds?

General PALMER. Two-thirds to 75 percent of them do. That is off the top of my head, but that is about my perception of those who do.

Senator EXON. Let me ask you this question. Getting into this manpower and budget proposition, how many first-year people did you have coming into West Point and Annapolis and at the Air Force Academy this year? How big was the class?

General PALMER. The entering class each year for several years now has been about 1,350. I think last year it was 1,356.

Senator EXON. That has been the number for several years now?

General PALMER. Yes, sir.

Senator EXON. I do not need to take the time to ask the other services, but have you been pretty static on the number entering the class, also?

General HAMM. Yes, sir.

Senator EXON. What are your projections as of now for 1991, 1992 and 1993? You had 1,300, you say?

General PALMER. Yes, sir. It will hold steady or decline slightly. It is a factor of attrition. We, under law, have a total student body of 4,417, so if we have the classes that are there retaining and graduating at a higher rate, then the seats becoming vacant are diminished. We are seeing in recent years a steady improvement in the number who graduate, so I would see us staying at 1,350 or 1,300 for some years.

Senator EXON. Do you agree, Admiral?

Admiral HILL. We will remain the same or decline slightly.

General HAMM. The same situation for us, Senator.

Senator EXON. I would just say to you gentlemen that this is one of the great difficulties which we are running into with the whole system today. Not recognizing that we have some severe budget constraints, we continue to get recommendations, for example, from the administration that we spend more money on recruitment, generally, than we did last year and the year before that.

At the same time we are wrestling right now, this day, in the Budget Committee and in the Armed Services Committee with how we are going to meet the obligations to the people we currently have in the service.

I would only say that I started out by saying I highly support your activities; I think you do an excellent job, and I certainly do not want to destroy the system that we have in place. Even though it might cost more money, I think it pays off.

I would simply advise you all, particularly you, Mr. Jehn, that we are going to have to do something about these people who are coming through this system as if nothing has changed if we are going to meet other obligations. How we are going to meet the obligations that we have for the people who graduated previously from West Point and from Annapolis and from our institution in Colorado Springs is a problem I think we have not begun to address and which I would simply tell you is something we should be thinking and talking about.

We are not going to be able to go on forever, I suggest, with the drawdowns that are now in place. Recognizing the fact that nearly 50 percent of our total budget of about $300 billion is in personnel and operation costs, we are not going to maintain the status quo and still deliver any kind of a peace dividend to which most of us think the people of the United States are entitled given the reduced threat.

Mr. Chairman, my time is up, and I thank you.

Senator GLENN. Thank you, Senator Exon. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. I want to commend you for having these hearings. I am particularly pleased to hear the testimony we have heard here from the service academies today.

I have three basic questions for the superintendents. First, going back to the original statements from Messrs. Hale and Jones, you made particular note that there was no regular external examination.

Did you incorporate into your thinking, though, the fact that the Congress regularly does look into what the academies are doing and quite often have staff people and Members going? I mean, that is one of the external, if you will, factors that are used to keep an eye on the academies.

Going beyond that, you have made that observation, but did you have any recommendation as to what kind of external examination you are suggesting, Mr. Jones?

Mr. JONES. We looked at it in terms of the Board of Visitors meetings and that kind of oversight. We did not look at it in terms of other congressional oversight. We really have no recommendation right now in terms of the amount and the type of oversight they should have. There is oversight by OSD and the service audit organizations, but we did not see much audit and oversight.

Senator LOTT. Thank you.

Turning to the superintendents, you know, last year not only did we take a look at going to six years beginning with the class of 1996, but we were looking very seriously at 8 years. I would be interested in your comments in two areas. I was really floored at the time that we did not hear more from the service academy superintendents. Now maybe you were waiting to be asked, but that was about to have a dramatic impact. So I wonder why you were not more aggressive in being heard last year.

I guess, more importantly, what additional impact would 8 years have had, and are you specifically asking that we look at going back from 6 to 5 instead of letting it go up to 6?

General PALMER. Sir, you heard my comments on how detrimental I believe 6 years would be and 8 years would compound that by a factor that I would not like to contemplate. It would be devastating to us. And, yes, sir, I am recommending that we relook it, that we go back. And I would recommend that we go back to 4.

The reason I recommend that is because I believe the conference committee very wisely last year decided to study the issue. The Senate language had 6 years, the House language had none. And in the conference committee, it was agreed in a compromise as reported to me to do three things. On the one hand, leave it at 6, on the other to not make it effective until 1992, that is for the class of 1996. And third, this year before the law had effect, to relook it, and that is what we are doing now. So I think the process that we are engaged in is exactly what the intent of Congress was, when it passed that law.

Senator LOTT. Would either one of the others care to comment? General Hamm?

General HAMM. With regard to a longer commitment, certainly we need a payback on our investment and the Air Force has just unilaterally gone to a longer commitment for pilot training. But personally I think that we have to be careful about commitments that are too long. It does not take that long to amortize the expense at the academy compared to pilot training, for example, which is a very costly program.

And I think we have to keep pressure on the system—and that is all of us here—to make sure that there are positive inducements to making the service a career. And I think if you have only the, if you will, the negative commitment of so many years of service, you kind of relieve the pressure on the institution to make sure that service is rewarding and challenging and attractive and keeps people in because they want to be in.

Senator LOTT. I certainly agree with you. But let me encourage the service superintendents and the assistant secretaries to give us some specifics though. I mean we value your opinions, but a number of surveys would help us in knowing what is the right thing to do, I think particularly we are underestimating the impact that this would have on minorities and women and exacerbate an already difficult problem.

And we need you all to—in addition to your opinion—give us any helpful information you can in terms of surveys, projections, statistical impact, both in overall retention, but also on minorities and women.

Admiral, would you like to comment on that?

Admiral HILL. The only data I have been able to get so far is that, as I said, last year of those who turned us down—we made offers and they turned us down—20 percent said they did so because of the 5-year obligation. At the same time we conducted a survey of all of our midshipmen and said, had it been 6 years when you entered, how many of you would not, and 15 percent said they would not have applied.

So those are two data points. But I honestly do not know what the effect of the 6 years is going to be. My perception based on that data and based on my feeling about young 18 year-olds is that, it is going to have a measurable effect on the number of qualified applicants that we see. And we may have to wait until the first year, or maybe we can do some additional studies this year, as we continue to poll applicants. Maybe we will be able to get enough data as we continue to poll applicants this year to some firmer estimates for you.

Right now, those are the only two data points I have been able to develop.

Senator LOTT. Let me switch, if I could. I have been talking just to the superintendents. Turning to the secretaries, Ms. Pope and others are here. We are glad to have you.

I am also worried about the mix. I am very much an advocate of the academies. I think you do a fantastic job, but I also think that there are some real justifications for not cutting too much in the ROTC side. You do get good quality people there, they do have pretty good records, you do get them for less cost, and I frankly like the idea of the impact they have on the universities and colleges.

I met last week with some young students from Harvard. One of them was in the ROTC program; he had to go to MIT though, even though he was a Harvard student, he has to go to MIT to be an ROTC. And he had a great hair cut, and I just loved the idea of his appearance and his attitude in Boston. [Laughter.]

Senator LOTT. But that is a factor that has an effect on the military and on society. How we are going to do this mix? I see it coming. There is going to be an inclination to say, oh, okay, we are going to keep the academies basically static. We are going to have a tailoff in ROTC or in the other avenues that you have to get in.

And also, I am worried very much about breaking another contract. The Federal Government has a long history of saying it is going to be this way, and then coming back and saying, oh, sorry, things have changed, we are not going to do that. I think that is horrible. We ought to at least phase whatever we are doing, where we are not going back and breaking our commitment to these young men and women.

Ms. Pope.

Ms. POPE. I totally agree with you both about the military appearance in Boston and that we honor our promises of commitment. You know, we do not know what our bottom lines will be for the next 5 years, but we are obviously getting smaller, and we need to slow down now. We need to look at that, so we can honor those commitments.

One issue of importance regarding career commitments to our military members is not only the education they are receiving and that commitment, but how we treat them once they are in the service. Do we honor that commitment? As we get smaller, how do we honor a promise, and do we do it with some equity?

None of the officer accession sources we now use is going to be sacrosanct, but we have to evaluate them in a judicious manner. We can not put it off until all of a sudden we have too many potential officers in the pipeline to commission.

Another issue that is of concern to us and that we are going to be watching very carefully is that we have extended the Academy commitment to 6 years and the NROTC commitment remains at 4 years. You know, we compete with the Harvards, MITs, and Stanfords for the same caliber students. Our concern is that it will be easier to go to a Stanford or a Harvard and only have a 4-year commitment to the Department of the Navy versus a 6-year commitment if the applicant attends the Naval Academy.

Senator LOTT. The answer is, yes.

Ms. POPE. And we do not want them to work against each other.

Senator LOTT. Mr. Cooper, specifically, do we need to do something legislatively to deal with this problem of commitments we have made, that now because circumstances are changing, we are on the verge of breaking some commitments? Do we need to look at that in some way?

Mr. COOPER. I think there are probably some things we need to look at, sir. I am one who totally supports our academies. And I understand the economics involved that the small reductions in the number of students really will not save money in relation to the fixed cost.

I think though that in the area of our ROTCs that we probably need to look. I believe that it is very important to have the military presence on our campuses around the Nation. It is a very positive effect. But one thing that hampers us now is that, for many years we have said that, unless an ROTC unit has at least 17 juniors in a class, it is designated as a nonviable unit. And if it does not maintain at least 17 after a period of 3 years, we are required to close it, and it can no longer be funded.

I think in the time of reduced needs, maybe we need to relook at that 17 figure and possibly reduce it and allow ROTC units to stay open and be considered viable at a slightly lower yearly production. I think that that is certainly something that we need to take a look at.

I think too that as we attempt to compare these figures, and I know that initially the officer training schools look like just an absolute great bargain, but you also have to remember too that we have many students that end up getting a commission through that process, that have used an awful lot of Federal money in other type grants to get through school. So we start computing, it might be good to add those figures in there too.

Senator LOTT. Thank you for your patience, Mr. Chairman.

Senator GLENN. Thank you, Senator Lott.

Let me revisit Senator McCain's statement, or what he was getting into a little while ago. There are other societal factors that I think are far larger than just whether we have 4 years, 5 years or no years. Is being in the military popular? At the end of the Vietnam War it was tough. People did not want to come in. You had a problem with recruiting, you had a problem with officers, you had all kinds of problems.

You have times of unemployment, when people tend to come in, because they cannot get a job. They say, well, I will go in for a hitch or whatever and they enlist. Officers tend to stay in, because it is tougher if they get on the outside. And they know that. They look around, and cannot hack it on the outside and get the same kind of pay as in the services, particularly in a period where the jobs are a little more scarce.

So I think there are factors that have influence on whether people stay in or get in to begin with. I think we need to keep reminding ourselves of one thing: that while all of these other things we are talking about are very apropos, there is one basic reason why we have the academies that you people head, and that is to provide combat leadership, first and foremost.

We can talk about societal influence all over the lot, whether we have minorities or whatever, and that they are going to be in there fighting right along with everybody else, when we go into battle. So they should be represented; there is no doubt about that. But, it is to provide combat leadership.

If we take that away or we start relegating to some second consideration, then, I think we miss the point of what we are trying to look into here today. So I would reiterate that, the leadership that we have trained and provided is not ending up in the military; is not adding to our combat leadership capability for this country. They may be in some reserve status or whatever but the major purpose of the academies is not to train Reserve officers.

We give them a Regular commission when they get out. Maybe if it has been suggested—and I am not suggesting this—that they get a Reserve commission when they get out of the academies, let them compete for a Regular. Let them apply for it, like everybody else. I think probably 99 percent of them would probably make it.

And I am not proposing that anything like that, or that we can even consider that. But I am concerned that we do not retain better than 44 percent of our people. Maybe my expectations of what we should have out of the academies are unduly high. I do not know.

Mr. Jehn, what do you think about the report that only 44 percent remain on duty up to the 15 year point, according to GAO. Is that acceptable? Should I just stop worrying about this? Is that the best we can do?

Mr. Jehn. Well, I do not think you should stop worrying about it. I think the question you raise is an excellent one, namely, are we getting a return that justifies the expense we are putting into the academies.

I think our present position though is that we are getting an appropriate return. As far as the change in ADSO is concerned, we—as Admiral Hill said—really do not have at this time enough evidence to say one way or the other whether it is unbalance harmful or not.

And we will be looking at our experience with that, and you can be sure if the effects are adverse enough, we will be back to you and present that to you.

Senator Glenn. Mr. Cooper.

Mr. Cooper. Yes, sir.

I just wanted to add, just because that individual gets off active duty, it certainly does not mean it is a loss. We have not had a major war in which Reserves have not played a very integral and very important role. And I would submit that probably the Reserve forces need this quality leadership, if not as much, certainly more.

And it is a gain to the Reserves, and I think it is a gain to the Nation. So even though we want and would like to keep as many as possible on active duty, I think, we must continue to keep that in mind.

Senator GLENN. And I do not quarrel with you on that. They provide a good function after they are out. But we do not set up the academies to provide Reserve officers out there in civilian life. Basically, we provide for the academies and support them. And I take second place to no one in my support for the academies.

And I believe someone indicated that maybe you thought we should be phasing down some of the academy size?

Mr. COOPER. No, sir, I did not say that.

Senator GLENN. Okay, I misinterpreted that. I should have been paying closer attention.

As I said before, I do not favor downsizing the academies at all. We only have about 14 percent of our officers on duty right now who are academy graduates. I would like to see that doubled. I don't think there is anything wrong with having that as a goal.

Mr. Jehn, do you have any goal you would like to see? Or is there any particular percentage that you think is appropriate that we should be driving for or toward? Or just let it sort of drift where people want to go and let it assume its own level?

Mr. JEHN. We do not believe in letting things drift, sir. We are going to be examining, as I said, the total mix of accession sources over the next year in conjunction with our planning for the future size of the force.

The academies, as you know though, unless there are substantial, even radical, changes in the size of the academies, minor adjustments up or down are going to have very little effect on the total cost to the academy. So the current rates at which we are producing officers out of the academy may well be entirely appropriate.

In any event, we are going to be looking at that, too, over the next 6 months.

Senator GLENN. General Palmer, you indicated that there was an agreement last year of some kind out of the conference committee. One of the things out of the three you mentioned was that we would relook at again this year was the active duty service obligation going to 8 years from the current 6 years and even changing the previous 5 years that apply to current cadets and midshipmen. I know of no such agreement. I was right in the middle of all that scrap last year, and I know of no agreement like that whatsoever. Because we made this all prospective.

Nobody in the pipeline now was to be affected by this at all. Because there was a lot of worry about that, and I was very concerned about that too. But this was all prospective down the road. There was not any agreement to relook at again this year.

Also, I do not know whether all of you have made representations to the Defense Department to ask us to reconsider, but I have heard of no such request yet. So I do not know where you got your information that we were supposed to look at this again this year and reconsider the 5, because that is new to me.

General PALMER. Sir, that was from a member of the House who was involved in the joint conference, who in the discussions of how to reconcile the two bills that were very different said there were three elements that it would, as you said, move its effective date off. It would not be effective until 1992, so the pipeline was cleared. And the obligation would remain at 6. But then, with that law on the books, it would come up this year for consideration with studies and testimony.

Senator GLENN. Well, I never would have agreed to that, because we could not possibly know the effect this year. It is not in effect yet, we have not even recruited the kids that are going to be under this new restriction. So I do not see how we could possibly have it determined this year.

Admiral HILL. Mr. Chairman, could I just add one thing?

Senator GLENN. Sure.

Admiral HILL. A little follow up to Senator Exon's question, I talked about the work of the boards in ranking, in developing, and assigning some quality factor to these candidates. Once we have looked at the hard data, like their SAT scores and their grade point averages and their activities, one of the most important factors that we look for, in fact, the single most important remaining factor that we look for that generally separates them out—because they all come out being right at the very top—is what we call career motivation.

We look for it in their written statements, we look for it in the results of their interviews, and we look for it on the reports that their teachers and guidance counselors send in. And any time we find indications of strong career motivation for service that pushes that candidate right up to the very top. So we want that to be a major factor in selecting those candidates. And it is a major factor in separating out from amongst the qualified candidates.

Senator GLENN. Why do we have all this then? And this is not isolated? Admiral, why do we have the common statement "5-and-dive", put in my 5 and get out of here. I am out of here as soon as I get my commitment in. In the Air Force, it is "5-and-fly", and I do not know what West Point has, probably both of them.

How do we reverse that kind of attitude of people just coming in, to be trained for top military leadership in this country? And the attitude is "5-and-dive"?

Admiral HILL. I could not argue with your source of data, Mr. Chairman. But I will tell you very honestly, I have never heard a midshipman at the Naval Academy or a recent graduate use that term. I have said——

Senator GLENN. And they better not in your presence, I would imagine. [Laughter.]

Admiral HILL. And maybe it is because of who I am, but I do not see that attitude. I do not see that attitude at all. We just had our service selection night over there where our potential graduates go through and select their warfares, and I have never seen such a level of excitement and enthusiasm, as they went through and were chosen to where they are going to fly or go submarines or surface warfare.

Senator GLENN. So what happens then that you only retain 38 percent in the Navy?

Admiral HILL. It is the experience, I think——

Senator GLENN. What happens between that excitement?

Admiral **Hill**. The single largest factor is they get married and have kids, and they find that family separation is very tough to deal with. That is the single largest problem that we face in the Navy. You go to sea for 6 months. It is tough to leave a wife and kids at home.

No matter how dedicated you are, the vast majority of the officers including the Naval Academy graduates, who get out of the Navy, I am sure when polled will tell you, it was family separation that was the single most important factor in their decision to leave naval service. I liked what I was doing, I enjoyed it, but I just cannot leave my family.

It is a tough issue to deal with. It is a fact of life. And when you are a 22 year-old, and you are getting married, and you are in love, you discuss it. My wife and the commandant's wife conduct a seminar for all the midshipmen who are getting married right at graduation, and they talk about these problems of family separation. There is so much love in their eyes, and there is so much enthusiasm and excitement, that they cannot understand what the pain of that separation is going to be. How hard that is going to be to deal with.

Seven, 8 years later, when they have a family, they have to deal with those feelings. That is the largest single factor. I do not know how to change that.

Senator **Glenn**. General Hamm, what happens? What happens after all the enthusiasm? You retain finally over 50 percent, I believe, is it not? Fifty point six percent or something like that at the 15 year point?

General **Hamm**. Past 20, sir.

Senator **Glenn**. What happens to the other half? Why do they get disenchanted?

General **Hamm**. To address your earlier question, the "5-and-fly" is certainly a minority view, and I would say a very small minority. In fact, 65 percent to 70 percent of our graduates incur a greater commitment, because they go into flying training programs. I think that it is hard to pin down one thing. But one of the big reasons for the exodus now is that the airlines are hiring to the extent that they are. And that is a big drain on our pilot population and a great percentage of those are academy graduates now.

Senator **Glenn**. Well, that is a whole separate situation that this committee has addressed, and we have had legislation passed. The ACIP changes and all the bonuses and so on should help out some on that, we hope.

You have not had quite the same impact that Admiral Hill has tried to deal with in the Navy, because the Navy is about 1,500 pilots short right now, I believe. Is that not an approximate figure? Ms. Pope?

Ms. **Pope**. Yes.

Senator **Glenn**. About 1,500 pilots short because of that. The unattractiveness of long tours at sea and things like that all feed into this, so that is another factor. We have tried to take that into account and make it a bit more rewarding, so we are a little more competitive with the airlines. But that is going to be something we are going to continue to have a problem with.

The estimates are, the airlines are going to need about 7,000 pilots a year for the next 10 years. And they traditionally get about two-thirds of their pilots from the military. So that is a going to be a problem. General Palmer.

General PALMER. Sir, there is another factor too. You mentioned the number of people in at 15 years, according to the Defense Office Officers Personnel Management Act which gives the Department the guidance, we only have room for 28 percent of the officers (from any year group to still be in service) at the 15-year mark. However, we are retaining at a much higher rate. If every graduate of the Military Academy were to stay in and none left for any reason, we could not keep them.

And as a matter of fact today, to meet our end-strengths, the Department of the Army is telling young people of all—West Pointers and others—that they must leave. We do not have room. We have lots of room in the Army for lieutenants. But as officers go up in grade, it is programmed that they leave the service.

Mr. JEHN. Mr. Chairman, if I may, may I offer a little perspective on this? The subject of turnover and attrition among new entrants and new people in the military service comes up in a lot of context, this is just one. And I think it is important to note that compared to civilian employer's experience the military does much better in this regard.

In all these cases, we are dealing with young people who have had very little life experience, who really do not understand and fully appreciate both their own tastes and talents, and what they are getting into, if you will. And it is the rule that new entrants in the job market—and that is what we are talking about here as well—turn over, change jobs in other words, or in fact often careers and occupations at a much higher rate than older people do.

If you compare the experience in the military—and this is true in this case—as well as the experience of enlisted people and officers coming in through other accessioning sources, the military retains a much higher percentage than comparable civilian employers. So the challenge to us is just, as General Hamm says, is to keep the military a challenging, rewarding, and interesting place to serve for our new entrants. And I think so far we are doing it.

Senator GLENN. Ideas of different ways to get people in the service are a dime a dozen, and I do not subscribe to 99 percent of them. Some of the suggestions have been that we send people to community colleges, or 2 years some place else, and then give 2 years at the academy as their military service. I do not favor that. You get some suggestions that have some credibility.

Such as the editor of the Armed Forces Journal International who says, "If West Point instills such special values, then why do we not try and give the values to all Army officers? Send them all to West Point for 9 months. It would be a lot cheaper, and we would have an entire corps with those values." Now, I do not favor that. But you have ideas like this that are floating around, that people think about.

Are you considering any of these other ideas or other options that I have not even heard of?

Mr. JEHN. None as radical as that, but we are always looking at the way we bring young men and women into the military, looking for both opportunities that we have not fully exploited as well as making those we are using right now more efficient.

I suspect the answer though to, for instance, the observation about nine months for everyone is, that is takes more than nine months tc give what the services provide in the service academies.

Senator GLENN. I agree with that. And I do not favor these things, even though I mention them as, here are the things submitted to us, or we get a letter, or we get people saying, why do you not do this or do that. We have to consider them. And I wondered whether you were considering some of these same things. You may consider them crackpot ideas.

Mr. JEHN. We hear a lot of ideas too, sir. And we try to look at the most sensible of them.

Senator GLENN. I would duly note, I did not say crackpot. I will get quoted on that, I know, but leave that out, please.

Yes, Mr. Cooper.

Mr. COOPER. I would just like to add, sir, that as we go through these deliberations, and we compare the cost, and we compare what it is to go to a civilian college and to do this, I think one ingredient I have not heard mentioned today is that, we must remember that we all are soliciting individuals to join a profession not only in which we demand the highest ethical standards and the highest amount of scholarship, but it is also one where we ask people on our order to be willing to give their lives.

And I think this is something that I have not heard mentioned. And I hope that we remember each time when we start comparing how much it costs to go to Harvard, Yale, OCS, or to the academies.

Senator GLENN. Now, you are playing my song about combat capability.

Mr. COOPER. That is what we are all about, sir.

Senator GLENN. That is exactly right. I think we sometimes forget that.

Admiral Hill, is aviator selection at the Naval Academy up or down this year? Or is it just constant?

Admiral HILL. Aviator selection this year was slightly down I think, just by a couple of numbers. As I have mentioned earlier, we try to place our people in roughly the same approximation as the overall Navy accession plan. This year we were down just a little bit on pilots.

Senator GLENN. Increased retention did not have any major impact then in increased time commitments?

Admiral HILL. I do not think so. My guess is it mostly reflected the personality of the class, some like to fly and some do not. My read of the class—and I know the class pretty well—is that that was not a factor.

Senator GLENN. Ms. Pope.

Ms. POPE. Mr. Chairman, if I could just comment on the aviators and the aviation bonus. We have already started to see an improvement in our retention because of the aviation bonus. We are still below our requirement, and as you are well aware, Navy has a problem. But already this fiscal year, we have started to see a dramatic increase in our retention.

Senator **Glenn**. Okay, how about the Air Force? Are you seeing the same thing on pilot retention? General Hickey is in the audience today. General Hickey, are you seeing any better pilot retention?

General **Hickey**. The dramatic change in the Air Force is that it has not continued to go down. It has leveled this year with what it was last year. And that is the first year since 1983 that it has not gone down. We are hopeful that we are seeing the start of a turning trend.

Senator **Glenn**. Well, that is rather encouraging, because the Air Force last year, as I recall—I am just taking these off the top of my head—was about 250 pilots short. You are expecting to be 2,500 short by 1992. Is that correct?

General **Hickey**. Yes, sir. Some of those will defer now as all those reductions come down. They are helping our problem in terms of the balance between pilot inventory and requirements. But there is very little in the inventory projections that have improved. It is just a matter of the requirements going down, so the inventory looks as bad as it did.

Senator **Glenn**. To get back to the academy, some questions about the top military rank structure. Each academy has a student population of about 4,500, a faculty of about 500. The missions are service-unique in some respects but not materially different. There are three general officers assigned to run West Point: a three-star superintendent, a one-star commandant of cadets and a one-star dean of the academic board.

Similarly, there are three general officers assigned to run the Air Force Academy: a three-star superintendent, a one-star commandant of cadets and a one-star dean of faculty. On the other hand, there is only one flag officer assigned to run the Naval Academy, a two-star superintendent.

Mr. Jehn, why the differences in this? What is the justification for the difference in general and flag officer staffing at the service academies? In other words, how do you justify the Army and Air Force having a general officer for every 1,500 cadets at their respective academies, while the Navy has one flag officer for its 4,500 midshipmen?

Mr. **Jehn**. I do not have a justification for it, sir.

The current alignment of general officers at each of the academies is a product of each service's methods and approach to education at the academy and also a product of some historical developments over the last 15 years. I think each of the services views the academies in a somewhat different way.

Senator **Glenn**. Mr. Wincup, what do you have to say on that one?

Mr. **Wincup**. Well, Mr. Chairman, I would think that in part it is a reflection of the faculty composition that you see at the academies as the GAO material indicated, the Army's military faculty component is about 97 percent.

The military faculty requirement is—and I think General Palmer probably ought to speak to this also—a reflection of the examples we are trying to show cadets—people who we are trying to encourage to stay with the Army and imbue with a sense of tradition over a longer period. These are things that are a little harder for us to measure in terms of specifics. One of those specifics is for a cadet to role models, and this is one way of doing that.

Admiral **Hill**. Mr. Chairman, if I could just add: In all fairness to my fellow academies, I must point out that although we have just the one flag officer, we do have a senior academic officer, who is a civilian, an academic dean and provost, who serves the same function as their two academic deans serve.

Senator **Glenn**. Well, let us get into that because you have major differences there.

You go to a half-and-half: half military instructors and half civilian instructors. As I understand it, your civilian instructors take care of the generics of history and math and regular science courses. You try and concentrate your military instructors, your naval officer instructors in tactics that apply more definitely to ship board operations, as I understand it.

Admiral **Hill**. Not necessarily. We have—within the academic divisions—roughly an equal mix between the civilian and the military instructors. The military instructors are all required to have at least a masters degree in their discipline. But they teach academic courses just like their civilian counterparts.

Now, obviously, they do not teach the more advanced, the more difficult courses within the majors as you advance. But they teach, chemistry, math, science, physics, just like the civilians do.

Senator **Glenn**. Your number of doctoral instructors is, I believe, 50 percent.

Admiral **Hill**. Yes, sir.

Senator **Glenn**. While the other academies are—I forget the figures on that.

Admiral **Hill**. Virtually all of our civilian faculty are—with the exception of two or three—doctoral; they all hold doctorates.

Senator **Glenn**. And the way you look at it is that it is cheaper to maintain a civilian on the faculty that it is a military person. Is that correct?

Admiral **Hill**. Well, I will be honest, I do not know that. We are charged that the rate for an officer's year of service compared to the rate for the civilian faculty, I think, is roughly the same. I am not sure. Civilian faculty is a little bit lower. I will have to get you the exact numbers.

[The information follows:]

The civilian faculty at the United States Naval Academy receives an average compensation for the 10-month year of $54,795; which includes an acceleration of 26 percent to account for the fringe benefits such as retirement contribution, health benefits, sick and annual leave, etc. By comparison, our average annual military faculty compensation is $62,020; based on the military composite rate table that includes benefits, permanent change of station costs, retirement costs, etc.

Senator **Glenn**. I would ask GAO and CBO to comment on this. Did you find that all the factors going into that officer being assigned at one of the academies as an instructor are taken into account when you total up the cost of running that academy for a year?

Mr. **Jones**. The cost of the military faculty is a factor. It does not include extra cost at all. So we really cannot tell how much is computed. They compute a factor and add to the cost.

Senator GLENN. You mean when you added up your cost of running the academies, you did not take into account the officers assigned, and their salaries, and their quarters?

Mr. JONES. Yes, we did. We did consider that in our cost. But that cost for officers is an allocation, it is not an exact cost. That is the way they compute that.

Admiral HILL. DOD publishes a standard figure for each officer, the cost per year includes the average cost of his training or of his PCS, his transfers, his retirement. There is a published number for every O-6 that you have or every O-3 that you have per year. And those are the numbers that we are required to use when we are computing the cost of our military faculty.

Senator GLENN. General Hamm, why do you not use more civilian instructors, if it is cheaper to do that?

General HAMM. We are not convinced it is cheaper to do it, first of all, Senator. I have some cost studies here that show that it costs us more to find comparable professors.

We follow the West Point model, because we like having young officers, instructors serving as role models. And they do a great deal more than teach the subject. For one thing, as many civilian instructors are inclined, they do not spend a lot of time writing, or doing research. Their primary duty is instructing, teaching.

We also get a great more out of them than that. They serve in other capacities. For example, I have 97 instructors out of the dean's division that serve as flight trainers. They fly the T-41, T-43, UV-18, or motor gliders for us. We also use them as assistant air officers commanding. We use them as assistant coaches, as representatives to athletic teams and sports clubs.

So we get a well-rounded individual who stands up every day in front of a cadet and shows that cadet what he ought to look like when he is a captain or a major.

Senator GLENN. Are the expenses of training the officers who are assigned to the academy who receive extra training so that they can be instructors, is that included in all your costs?

Mr. JONES. Yes, it is.

Senator GLENN. General Palmer, do you have any comment on this civilian-military mix?

General PALMER. Yes, sir, there are two reasons: philosophical and practical. The philosophical, you stated it better than I possibly could. We are preparing people to take positions of leadership in the combat role in our Nation; 90 some odd percent of our men go in the combat arms. And we believe that by having the entire faculty, made up of young successful officers, who have been company commanders, who have been out in the real world, and they bring into the classroom not just how you differentiate a mathematical equation but what the Army is all about, and what serving your country is all about.

For the same reason, we get double and triple duty out of them. Our academic officers do the military training in the summer. A math professor who is an infantry officer can handle patrol training out in the mountains, when he is out of school, and they do. They also provide the role model.

Practically, in our geographical area, because of the isolation and the difficulty of hiring civilians, we would find it to be much more expensive and difficult to bring in a civilian faculty. We have trouble now hiring at the GS–13 level for professionals, unless they have just sold a house in the Washington, D.C. area, or something of that sort, they cannot afford to come work as civilians at West Point at the GS–13 level.

Senator GLENN. We have an enormous difference here, and I know we are not going to solve it all this morning, and we are going to have to look into this much further than we have already. Officers assigned to the Air Force Academy are 1,134 officers—according to the figures I have here. The Naval Academy is only 432. West Point 780—you are sort of in the middle. Total military personnel assigned is 2,420 to the Air Force Academy, 786 at Annapolis and 1,266 at the Military Academy.

We really have to look into this. Admiral Hill, do you have problems with your 50/50 mix with civilians? Why have you not gone the way these other gentlemen have gone?

Admiral HILL. The Naval Academy has always had a 50/50 mix on civilian and military faculty. We believe—it is just a difference in philosophy—we believe that adds significantly to our seeking of excellence. I think the academic excellence that we have a good reputation for is largely due to the 50/50 mix. I think the quality faculty that we have there—and they come and they stay—they are committed to teaching. These are Ph.D.'s who teach.

They do not have a bunch of graduate assistants to teach their class, while they are off doing research or writing. They teach, grade their own papers, come in on Saturdays and at nights and provide the extra instruction. These are true professional educators. And we believe that they add a real dimension to the academic program at the Naval Academy. That is our opinion. That it is just two different opinions.

Senator GLENN. General Palmer, do you need a three-star, a one-star and a one-star? That is a lot of officer power there that is being used. And I do not say it is being misused. But we sure have a big difference here in the way the academies run their business.

General PALMER. Yes, sir, I think it goes back to the philosophy of the services as to the amount of the resources they want to put into the development of leaders. I cannot speak for any other service. But for the Army, we believe that one of the most crucial things we do—especially, in peace time—is to build for the future. And the future of the Army is in the young people.

It is not we generals who wish we had more of a future but do not. It is the cadets and the lieutenants and the captains—that is our future. And we put a lot of our resources at building that to be the best quality that we can for the next century.

Senator GLENN. Mr. Wincup, how much have you discussed these matters with the General and so on? Do these really get considered? Because this is a matter that as I understand it in law, goes directly from the academies to the Secretary of the Army, the Navy and Air Force. And there is not much intervening there in between. And we have very little oversight that we would normally exercise on this.

It is obvious, that we have not done an oversight. The last one that was done on any academy was in 1977. And that is our fault. We should be keeping up with these more on a year in, year out basis. I know that. But do you consider these things? And the academy is sort of out there on its own, and unless you exercise supervision of it, no one else is really going to do it. Is that correct?

Mr. WINCUP. Sir, you are correct. We do feel a great responsibility in the secretariat with respect to the academy, largely because it is the leadership of the Army for the future. We do try and spend a great deal of time on it. As a matter of fact, I am going up there for a good part of the week, week after next, as I sort of learn myself into the job. Because that is one of the principal places that I need to spend time and understand better.

But as you understand, we are going through a fundamental change in the Army right now. And it is reshaping itself. And there are lots of questions that are being raised right now that need to be addressed in this new environment.

Senator GLENN. Have you addressed this issue of the mix of civilian and military instruction and officers and the rank structure there with all the generals at the top, as opposed to only one at the Naval Academy and so on?

Mr. WINCUP. Mr. Chairman, I have not. There are a number of other issues. We have been working on that. And that is an important issue, that we will spend some time on.

Admiral HILL. Sir, if I could make one minor correction there for the Navy. The Naval Academy does not work directly for the secretariat, like the other two. I work directly for the Vice Chief of Naval Operations (VCNO) and under his supervision. He has then a professional educator, Dr. Dick Guertin, who is here, who is a distinguished educator who works for the VCNO and supervises the Naval Post Graduate School, the Naval War College and the United States Naval Academy.

And let me tell you that, being so close to Annapolis, we get lots of visits and plenty of oversight. All very welcome, I must admit. [Laughter.]

Senator GLENN. In this oversight, one thing that came to light, General Palmer, was your change to the way you stated your mission a couple of years ago. Was this approved by somebody? Or did you just decide that it was better to have it read as it does now? I do not quarrel with the words, but I am wondering about the process that the academies have such autonomy, can they actually change their stated mission that Congress has laid out? That the Pentagon has laid out? Whoever has laid out, without getting approval from someone?

General PALMER. Sir, am I glad you asked me that.

Senator GLENN. All right, good, please respond.

General PALMER. The fact is, we do not write our mission. Our mission is given to us by the Department of the Army in conjunction with the President and the Congress in consensus with your constitutional roles to raise and support the Armed Forces.

The mission statement does change over time but very slowly. The mission statement we have now was written in 1987, it was signed and given to us by the Chief of Staff of the Army working for the Secretary. The previous version was 10 years before that. The changes are very minor. The three operative verbs are to educate, and train and to inspire the corps of cadets. That did not change.

The new version tightened up, made the language a little more elegant and got rid of grammatical errors. It is embarrassing for an educational institution to have a grammatical error in its mission statement. They got that out of there.

Senator GLENN. See, now if you just had a civilian instructor. [Laughter.]

General PALMER. It still says to prepare them for growth as professional Army officers. That is all in there. That has not changed. There was one phrase that was added to this version that was actually in the mission statement 20 years ago and it was put back in this one. And that is a lifetime of service to the nation. But that, we do not write. It is given to us. It was changed in 1987, but the changes were minor. And the one substantive change went back to the past.

Senator GLENN. I like that change, if it applies to staying on duty for what they are trained to do.

General PALMER. Sir, I would say that Senator McCain epitomizes what that means. That when you have completed your service for your country in uniform, there is a national expectation that you remain a leader for a lifetime. I might add also the Chairman. [Laughter.]

Senator GLENN. Mr. Jehn, back to the service obligation again. I understand the administration has no intention of seeking a change to the increase in the active duty service obligation for academy graduates that was signed into law last year. In other words, there is no proposal in the administration's legislative program for fiscal 1991 for such a change. Is that correct?

Mr. JEHN. That is correct.

Senator GLENN. Mr. Wincup, what is the Army's position on the 6-year active duty service obligation that was signed into the law last year?

Mr. WINCUP. Mr. Chairman, there is no formal position. I would tell you though that the Army, if asked to give one, would probably ask to have it reduced. And I would say, it results from a balance of what you are interested in, which is ensuring that we get long retention from people who we are very interested in. We appreciate your help on that regard.

And the other factor is, we want to ensure that we keep the best and the brightest interested in the academy, and we are concerned about that. It is a question of flexibility with respect to the academy.

Senator GLENN. That is my concern too. We get the best and brightest, but the best and brightest train and go back outside, they may be good for a life time of service to the country, but they are not necessarily right there in the front when we want combat leadership, which is what the basic purpose is. That is my problem with it.

Ms. Pope, what about the Navy? Do they seek any change in this? Or what do you feel is the Navy's position on the 6-year active duty service obligation?

Ms. POPE. Mr. Chairman, the Navy position is that it is too early to tell. We do not have any data back. That we share your concern about a commitment to the Navy. My personal commitment, whether it is the NROTC or the Academy, is that we do not want to allow people to game the system, or be able to get a free education. We have an obligation to the taxpayer. But it is too early to tell.

Senator GLENN. Mr. Cooper, what is your view of the 6-year?

Mr. COOPER. Sir, we have it and we think we can make it work. Time will tell how well, and we will report back to you if we see any significant problems.

Senator GLENN. You have a little different problem in that the pilot overlap occurs in your officer corps, and we have an entirely different situation there, of course.

In discussing the financial operations and cost trends at the military service academies GAO indicated: "In August of 1989 the academies changed their basis for reporting certain institutional and instructional costs. Beginning with fiscal year 1989 the academies will exclude prep school costs reported at $15.7 million in the previous year. The rationale for this change was that prep school operations are separate from academy operations. Also starting in fiscal year 1989 the Air Force Academy will report only 33 percent of their faculty training costs, while the military academy will report only 25 percent rather than the full cost, which was previously reported as $22.6 million. The rationale for this change is their belief that the officers' advanced degrees provide benefits during the remainder of their military careers."

Continuing the quote: "We believe that these changes in their cost reporting are not justified. Prep schools exist as an adjunct to the academies. If the academies did not exist, the prep schools would not exist. Therefore, we believe that the prep schools are properly included as part of the total cost of the academies. Likewise we believe that the full cost of service funded graduate education for academy faculty selectees should be associated with the academies. In the absence of academy faculty assignments requiring advanced degrees, the services would not necessarily fund as many officers to attend graduate school, nor would they be likely to fund graduate education in academic fields having less direct applicability to the military. In addition, there is no assurance that an officer whose graduate education was funded by the service to qualify for a faculty position would necessarily stay in the service after the completion of his or her academy tour. For these reasons, we believe that the cost of the prep schools and faculty training should continue to be reported as cost generally attributable to the academies."

General Palmer, why did you begin to deliberately exclude prep school costs that were previously reported as part of your operating cost, right after we began to express interest in the actual cost of operations at your respective institution? I would ask each one of you this.

General Palmer, why are we not including all these things as costs?

General PALMER. Sir, I really cannot answer the question. And I do not think there is a relationship in the timing.

Senator GLENN. The reason the timing is rather important to us is, because it was only after we said, we wanted to look into the costs, overall costs, a very general statement, that suddenly these things were taken out. It seems to have been across the board. Why were they taken out?

General PALMER. Sir, I believe that is not accurate—regarding timing, I believe it was done about a year ago. And there are 38 lines that the academies are required by the GAO to report on annually. And the Defense Department coordinates those, so that there is some correlation between what we all three report.

I do not know why that change was made. In terms of the prep school, it is run by the Department of the Army. You are very right, if you folded West Point the prep school would fold. So there is clearly a relationship. And it is a matter of which column you want to cost it in.

In terms of the cost of training officers, the part of the formula related to 25 percent, again, I do not know how analysts came up with that. They apparently concluded, as you said in your question, that while there are some degrees that have little military carryover—like Elizabethan English literature perhaps. I do not want to have all the literature professors in the country down on me. But whatever the discipline may be, it may not have as direct an approach to service in the Army after the teaching tour. But there are many that do. In engineering, for instance, a civil engineer who goes to get a degree as an engineer, teaches engineering at West Point, serves the rest of his career as an engineer.

So there is clearly some measurable follow-on benefit to the Army. The people who control in the Department of the Army, who control the slots for which we need advanced education, have apparently determined that about 25 percent of what we do is not attributable to the Army at large but is attributable only to the academy.

Senator GLENN. Admiral Hill, why are these prep school costs and the other costs taken out?

Admiral HILL. Well, there is not a simple answer to that question. First of all, we must look at the timing. It had nothing to do with the GAO audit. As a matter of fact, just looking back here, the decision was made during a conference among comptrollers a year ago, before we ever knew we were going to have this audit. So we were not trying to game the audit.

The decision to take it out, frankly, confused me, when I found out that they had done it. In our case, not all of the graduates of NAPS go to the Naval Academy. Some go to NROTC, some go to the Coast Guard Academy. It is a little complex computing those costs. Frankly, I did not see that it affected it a great deal one way or the other.

The average cost for us is about $1,000 per graduate that adds to the cost per graduate. And I have no idea, frankly, why the comptrollers decided to delete it. It had something to do with making it fit the standard 38 items.

Senator GLENN. General Hamm, I know that the academy comptrollers meet once a year and try to come up with consistent cost figures. Apparently this was a decision by them, and there is some rationale. But personally, I do not care. I threw all those costs in there, if that further illuminates the subject.

Admiral HILL. I think you are right. I think it probably should be included.

Senator **Glenn**. There are lots of costs in this. For instance, is your flight training cost out there? Is that included in the cost of turning out an officer?

General **Hamm**. Yes, sir.

Senator **Glenn**. Admiral, let us say you have a mine sweeper or a submarine that comes up and the middies are out on that. Or if you have to take all 500 of your people down for some training at Fort Benning, is that included in the cost? Who flies down there? Is that cost of training included?

General **Palmer**. Yes, sir, it is.

Senator **Glenn**. Cost of transporting and training? And do you reimburse Fort Benning?

General **Palmer**. Yes, sir, it is. For instance, we take the sophomores in their summer for a week to Fort Knox to learn heavy tanks, armor, self-propelled artillery and so forth. There is a cost to us for transporting them down there and back. There is a cost to the people at Fort Knox for doing the training. We reimburse Fort Knox for that training.

Senator **Glenn**. Okay, so you put all that in.

Admiral, the same thing with the Navy?

Admiral **Hill**. We cannot pay for the entire cost of the ship, but we pay for the transportation back and forth out to the ship, and we pay for any support costs such as moorage costs.

Senator **Glenn**. If you are taking some people over for 2 weeks in the Mediterranean or something like that aboard a carrier, you pay for that. You do not depend on the host command picking up the bills for you?

Admiral **Hill**. No. We pay for that, we pay for the travel, we pay for their food, we pay for everything.

Senator **Glenn**. That is part of your overall expenses that are reported to the GAO.

Admiral **Hill**. That is all included here, yes, sir.

Senator **Glenn**. I would ask GAO and the CBO, did you find areas that you thought should have been applied that were not in the costs?

Mr. **Jones**. Mr. Chairman, there are some hospital costs to the Naval Academy that were not.

Senator **Glenn**. That is right. I did not get to that question that I had prepared here yet. Let me ask about that.

The GAO's statement indicates: "To-date we have identified a number of costs that have not been included by the academies. For example, in the fiscal year 1989 over $8 million in summer training costs were not reported at the Military Academy. The Military Academy also does not report hospital costs for dependents. While the Naval Academy reports room and board costs, they do not report procedural costs associated with hospitalization of its student, staff and dependents. We also found some problems with accounting accuracy. For example, in the Naval Academy we found 67 instances of over and under reported costs resulting at about $6.6 million in cost errors," which Mr. Jones mentioned earlier.

"Additional work is necessary to determine the validity of the academy's total cost data." Why the difference in the hospital costs?

Admiral **Hill**. I do not have a hospital. The other two academies have a hospital, but I send my midshipmen to Bethesda because we are close to Bethesda. Bethesda has a standard rate they charge based on the number of visits, or the number of days that you are admitted there. And that is how they cost out their average. And that is the number that we use.

Since I do not support a hospital there is no way I can charge off the cost of my wife's CHAMPUS or something like that.

Senator **Glenn**. I understand. But at West Point why are these costs not included?

General **Palmer**. Sir, I am not sure. That is the first time I have heard that. We have a hospital, we service cadets, staff and faculty and their family members and about 15,000 retired people in the area. And we know what the hospital costs us.

It is a matter of where you draw the line, what do you credit. I also support, and this may be the difference now that I think about it, I also support, at West Point, activities that have nothing to do with the Military Academy. The Army has recruiting operations in that area and the Readiness Region, who are the people who work with the New York Army National Guard and Army Reserve forces. There is a Marine Air Wing stationed at West Point. There is an Air Force Reserve, an Air National Guard, C-5 Wing stationed at West Point. My hospital takes care of all of those people, so I am guessing that when they try to figure out how much of my hospital bill should be accredited to my mission of graduating cadets, they probably excluded the Marines and the Air National Guard and some of the others, who need that care, whether we are training cadets or not.

Senator **Glenn**. Mr. Jehn, even though GAO has a lot more work to do to determine validity of the academy's cost data, it is obvious that their work will likely turn up more instead of less areas that are not reported.

What kind of regular oversight do you or the service secretaries exercise in this area? To ensure that everything that is supposed to be counted gets counted.

Mr. **Jehn**. I am not sure at the moment everything that ought to get counted does get counted. A lot of the issues you raise are questions that very frankly only accountants and analysts seem to really love to get into for the most part. But one of the purposes of our——

Senator **Glenn**. Well, I do not see them as being minor. We are talking about $16 million and $6.8 or whatever it was here.

Mr. **Jehn**. Oh, I quite agree with you. One of the things that disturbs me is the fact that we can always seem to get into these disagreements and discussions about what the true costs are. And what we are hoping to do is, in conjunction with the GAO, work this summer to resolve a lot of these things once and for all, so that we can, in fact, talk knowledgeably about what the costs of the academies are. And for that matter, what changes in those costs would occur with adjustments to the size of the academy. These are things I do not think we understand as well as we ought to right now, and that is what we are working on. So I agree with you that it needs to be resolved.

Senator Glenn. Because I think what we need is something set up on a regular yearly basis, so we know exactly what is included, what is not. It should be reasonably standard. I know there are some differences in mission that would make a little bit of difference but not for most of the expenses.

Mr. Jehn. I agree.

Senator Glenn. And they should be accounted for the same anyway.

I understand the academy comptrollers who work of course directly for the superintendents meet to standardize according to what we have heard. It should be better standardization, than we are getting.

I want to touch briefly on this next subject that has come up before. Mr. Jehn, we are back on reprogramming again. We are back into our difficulty on that as you are aware. And we had all the manpower chiefs testify as to what a devastation this was going to be.

I understand DOD has worked out an agreement with the House Appropriations Committee to divert the funds the DOD had previously identified for reprogramming into the manpower accounts to fund the administration's supplemental request for Nicaragua and Panama.

You have testified previously that the manpower reprogramming is an urgent priority for the Department of Defense. Secretary Cheney has also testified that manpower is the Pentagon's top priority.

Were you consulted? And did you concur with the agreement to divert the funds identified for reprogramming into the manpower accounts to fund the Nicaragua/Panama supplemental request?

Mr. Jehn. As you know, the issue of reprogramming and the manpower accounts is only one of several budget decisions that the Secretary has been wrestling with for the last month or so. Deferrals and the question of the supplemental aid to Nicaragua and Panama are also included.

The Secretary has solicited from me and received continued statements of the importance of the reprogramming and what the difficulty of not getting it would be. I believe he understands and appreciates that as well as one can.

Senator Glenn. Were you consulted and did you concur with the agreement to divert the funds to Panama and Nicaragua?

Mr. Jehn. I concurred with the decision to handle the whole package as it is being handled by the Secretary. The actual details——

Senator Glenn. You mean there are parts of this package we do not even know about yet?

Mr. Jehn. No, no. You know about the three parts of the package; two of them, as I recall, have been resolved already. One is the issue of deferrals, the second is the aid to Panama and Nicaragua, and the third is the issue of reprogramming into the personnel accounts that has not yet been completely resolved. But the Secretary, largely in conjunction with the Comptroller, has been working on identifying funds and resolving all three issues more or less at the same time.

I have not been consulted on details of how we are going to take $5 million from here rather than from over there and so on. These have been things that the Comptroller has been working on with the Secretary. But, as I said, the Secretary has heard from me on a number of occasions about the importance of all of this. And the Comptroller and the Assistant Secretary for Legislative Affairs have kept us very well informed of the progress of all these negotiations.

Senator GLENN. Mr. Wincup, were you consulted on this before the latest change as to what impact it would have?

Mr. WINCUP. Mr. Chairman, we were not consulted. Although, it is an issue of sources of funds as opposed to priority. The priorities with respect to the military personnel, remain as a principal issue with the Department.

Senator GLENN. Okay, after what has happened, that is pretty hard to accept that the concern about the enlisted and the military personnel remains the top priority after what has happened with all this reprogramming, because we have been through this twice.

Ms. Pope, how about you? Were you consulted?

Ms. POPE. No, Mr. Chairman.

Senator GLENN. Mr. Cooper?

Mr. COOPER. No, sir.

Senator GLENN. Mr. Jehn, at our March 5 hearing DOD witnesses painted a very bleak picture. And you recall that hearing very well. A very bleak picture about what was going to happen to military personnel and their families if the manpower reprogramming was not approved and soon.

We were told that thousands of military personnel will be involuntarily separated and the personnel system would go into a state of shock. And that does not overstate it one iota. You were there, and you heard the testimony of the personnel chiefs.

We are half-way through the fiscal year, time and money are running out. I took all that very seriously that day, immediately recommended 90 percent, took it to the full committee. We got immediate action on it, approved it for 85 percent. And then we had the rug jerked right out from under us again.

Now, I do not know what we are going to do. There are only so many times we can bail people out. Do we really think that the personnel are our top priority and, yet we treat them this way?

Mr. JEHN. The Secretary has said it repeatedly, and he has been personally involved in this whole issue that I think we are still hopeful will be resolved very favorably.

Senator GLENN. Well, I hope it will be resolved favorably too. But the way that the game is being played, it is becoming increasingly difficult to prevent this hemorrhage that all the personnel chiefs told us was absolutely crucial by the way it is being handled.

We are half-way through the fiscal year now. I do not know what the latest agreement is. I know that some of the people working on this all met yesterday.

General Hickey, you were here that day. Are you happy with what is going on with this thing? You and your colleagues that day just painted an absolutely dismally bleak picture about what is going to happen if we did not reprogram. We did that within hours almost—had it done immediately by the next day. And now we are back to square one again.

What is your view of this?

General HICKEY. First of all, I am pleased that somebody's worried whether I am happy or not. You are the first one to have asked. And the answer is, no, I am not comfortable with how things are unfolding. But it is part of this whole process, and we are going through it and watching it very closely, and we are very hopeful.

I am confident that as the Assistant Secretaries have said here that everybody in the DOD side of the house is fully aware of the intensity of the problem and the ramifications, if we do not get the programming. And I am very confident that we are going to continue to work until we get that kind of a compromise.

Senator GLENN. Well, we are going to continue to try and solve it too, but we thought we had that all taken care of and we had gotten ourselves out of the emergency. And then, it did not work. We are right back where we were to start with.

We are running very late. Senator Byrd who is also a member of this committee and also head of the Appropriations Committee asked that I ask a question on his behalf. The background for it is as follows: In the report accompanying the fiscal year 1990/1991 DOD authorization bill, this committee included language requesting the Secretary of Defense to review "the degree to which ethical situations that are or could be faced by military officers in the course of their professional careers are addressed in the curricula of the military service academies."

The committee further asked the Secretary to prepare a report and submit it to the Armed Services Committee of both Houses. On August 4, 1989, Senators McCloskey, Sarbanes, Hatfield, McCain, Glenn, and Byrd sent a letter to Secretary Cheney calling his attention to the report language and stressing their interest in this subject.

The letter expressed the hope that the report could be provided before the end of the fall semester 1989. It has still not been received. Earlier this month, OSD advised us that they were waiting for input from one service and would try to complete the report by the end of the April.

Mr. Jehn, why has the review taken so long?

Mr. JEHN. The letter from Senator Byrd is something we are working on the response to. And we just hit a couple of delays putting it all together. We expect to get it to you certainly within a month.

Senator GLENN. All right. Have you received the input from the final service?

Mr. JEHN. No, we have not yet.

Senator GLENN. Which service is causing the delay? What is the problem? And when do you expect to get it?

Mr. JEHN. I do not know what service is causing the delay, but I expect to get it, particularly now that you have expressed considerable interest in it in front of a lot of the people that are responsible, sir.

Senator GLENN. Well, does anyone know which service it is?

Mr. JEHN. My understanding is that it is the Navy Department, sir.

Senator GLENN. Do you know anything about it Admiral Hill or Ms. Pope?

Admiral HILL. I did not know we were delinquent, Mr. Chairman. I will get right on it. I think it is in route.

Senator GLENN. All right. "We would like to have the report," I am still quoting from Senator Byrd's letter here, "We would like to have this report before subcommittee mark-up begins in order to assess whether the need exists for any further action on the part of the Congress."

And the last question: "Can we still expect the report by the end of April?" Mr. Jehn, can we expect it by the end of April?

Mr. JEHN. Probably not by the end of April. We will try to get it to you though by then.

Senator GLENN. Can you give us a date?

Mr. JEHN. I think mid-May is a certainty. And we will try to get it there before then.

Senator GLENN. Try for the end of April but May 15?

Mr. JEHN. At the latest, yes, sir.

Senator GLENN. At the latest? Okay.

I think we will wrap this up. You have been very patient ladies and gentleman, and we appreciate your being here this morning. There may be additional questions. I know Senator McCain has some additional questions that he wished to submit. And other committee members may have the same thing.

I think we have learned quite a bit here today. I think it is obvious that the manpower managers of the Department of Defense have some work cut out for you also. You are going to have to carefully evaluate the future sources of officers, ensure balance in terms of representation and cost and effectiveness in some of these intangibles, like leadership and things like that that have come up this morning. But we must make sure that the operation of these programs are efficient.

That is going to require some tough choices, such as, which sources need to be downsized and to what level. I would be remiss if I did not come back with one more time, Mr. Jehn, to say that this Total Force Policy, is so important because that feeds over into this area too.

Mr. JEHN. You are absolutely right, sir.

Senator GLENN. What jobs we assign to the regulars and reserves, if there is a realignment of that under this, which I do not see how we can help but make some realignment as we scale down. I think that will almost be accepted once we look at this thing. Then how you staff the officers for which function in the regulars, the guard or reserve is going to be different in some respects.

And so I think it is just so important that we get that total force policy study along as rapidly as possible. We are going to have sort of an interim hearing on it, one of these days.

Mr. JEHN. Two weeks from today I believe.

Senator GLENN. You know better than I do. Two weeks from today, okay. And we will look forward to getting your report on that, maybe that can give us some guidance then.

With regard to the management and operation of the military service academies, I think, it is clear, there are opportunities for DOD to improve the efficiency as well as academic vitality of these institutions.

We want to continue looking at the situation at the academies. This is something that is long overdue for this committee. And it is not done to try to do anything to the academies except help you be more efficient and responsive to what we think are the long term interests of this country. And as I started out saying, I am a big backer of the academies here. I think you do a fantastic job. But I also hate to see us have fewer career people than I think we should have come out of that whole process.

You cannot stack them all up forever, as General Palmer points out. But I think we could do better than we are doing now. I hope the Secretaries of the military departments will exercise rigorous oversight over their respective academies consistent with the responsibility assigned to them under the law.

And we will continue to exercise our oversight responsibilities in this regard either independently as a committee or with the help of CBO and the GAO, who we want to also thank for their work on this. We are going to continue the work, and they are continuing work on this also.

So I thank our witnesses for your testimony today. And we look forward to working with you in the future. Thank you.

The committee will stand in recess.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

Senator GLENN. Mr. Jehn, the Defense Manpower Requirements Report for fiscal year 1991 states that the manpower utilization policy of the Department of Defense is to:

". . . employ civilian employees and contractors wherever possible to free our military forces to perform military functions." This policy seems to be working well at the Naval Academy. In fact, one of the reasons that the operational cost at the Naval Academy is lower than the other academies is because the Naval Academy employs civilian faculty.

Wouldn't greater employment of civilian faculty at West Point and the Air Force Academy be consistent with the stated DOD manpower utilization policy and also correct the accreditation concerns?

Mr. JEHN. A greater percentage of civilian faculty at the Military Academy and the Air Force Academy may be advantageous for the reasons you state; however, I believe that there are valid reasons for military faculty as well. Military faculty teaching at the academies is a valid "military function." The participation in the classroom of commissioned officers, which is what the cadets are striving to become, provides useful interface and role models for the cadets. It also seems to develop our military faculty academically and professionally. Most of our Nation's greatest strategists were teachers at our military institutions. Our emphasis on the teaching function at these schools remains focused on excellence first and on economy second. Based on the GAO and our review of the respective methods at the schools, we may find that more civilian and fewer military faculty should be employed. If this is the case, we will work with the service Secretaries and academy superintendents to revise the mix.

Senator GLENN. Mr. Jehn, shouldn't the costs of the prep schools run by the academies be accounted for as part of the operational costs of the academies? How about faculty training costs? Shouldn't the full costs be accounted for in the costs of operations of the academies as the GAO suggests?

Mr. JEHN. There should be a means of accounting for the prep schools in the computation of costs per graduate of the academies, and in the future we will include these as a part of the annual computations. Since, in the case of the Army and Navy, the prep schools are geographically separate and are resourced separately, they are not a part of academy operations, and are not mission essential to the academies' operations. The prep schools exist to enhance the capacity of enlisted and minority appointees to succeed at the academies. Regardless, we will develop an appropriate method of accounting for their costs.

Concerning faculty training costs, I agree that these also should be reflected in cost-per-graduate computations to the extent that they are borne in fulfilling the teaching function and the education of cadets. We will work with the academy comptrollers to produce a means of identifying and allocating these costs as well.

CIVILIAN/MILITARY FACULTY MIX

Senator Glenn. Do you believe a critical review of the civilian/military faculty mix at West Point should be undertaken, especially in view of where officer strength levels appear to be headed in the Army?

Mr. WINCUP. The commitment which the Army has made to a military faculty at USMA reflects our emphasis on Cadet leader Development. This issue has been reviewed routinely over the years. It was an important item of consideration in GAO audits, accreditation studies, the latest Middle States Accreditation Report in 1989, Board of Visitors sessions, and miscellaneous reviews (e.g., Visiting Professor reports, West Point Study Group Report, etc.).

All previous reports have reached the conclusion that our military faculty best serves the purpose and mission of the USMA. There is no reason to expect that another review would result in a different conclusion.

Nonetheless, should Congress desire additional critical review of the civilian/military faculty mix at USMA, we would fully support and cooperate in the review process.

Senator GLENN. General Palmer, wouldn't a change in faculty at West Point to more permanent civilian faculty address the concerns raised by your accreditation body and improve the academic vitality at West Point? Would greater employment of civilian faculty also reduce your faculty training costs?

General PALMER. I will address the former question first. War, preparation for war, and the responsibility for public service demand a lifetime of mental and physical vigor from professional solders. At USMA, we believe that preparing men and women for commitment to such service requires a relationship between faculty and cadets that is unique in American education. In no other collegiate body does the development of intellectual, physical, professional, and ethical qualities in members of the student body so completely absorb the faculty. In few other educational systems do the students become so intimate with faculty members and their families that they can form life-long patterns of professional and social behavior based on real life associations. Such intimate relationships place a heavy burden on the faculty at USMA and demand measurements of quality that far deed simple mastery of academic subject matter.

The Middle States Association's Evaluation Team had only the most glowing accolades for the USMA faculty, describing the faculty as dedicated and enthusiastic. The evaluation team cites cadets' comments commending the faculty, not only for intelligent pedagogical effectiveness in their role as instructors, but also for their accessibility and support, their services as counselors and sponsors, and their values as role models. In its final report the evaluation team specifically cites the rotating faculty for their enthusiasm, energy, and ability to serve as early role models for cadets. The evaluation team's recommendation to consider increasing civilian faculty was specifically targeted at disciplinary fields in which the Army has few military officers. It clearly was not a recommendation aimed at converting to a civilian faculty.

Philosophically, there is great benefit to rotating the services of young, energetic, successful young officers from field units into the academy as academic instructors. These officers come out of the best graduate institutions at the cutting edge of their academic disciplines and of their profession. They provide an irreplaceable role model for cadets which adds a singularly important facet to the West Point education.

We continue to believe that it is essential for a high percentage of the West Point faculty to come from within the military. Moreover, it is healthy for the Army to send many of the finest minds out into the civilian world to interact intellectually with professors and students at our best universities. This process strengthens what has been, for most of our history, a healthy relationship between civilian and military sectors. The principal reason for a military faculty is derived from the basic mission of the academy to develop in each cadet the qualities of a leader of character who has the knowledge, dedication, and leadership attributes essential for his or her development as a career officer in the United States Army. Few would dispute that professional officers are better qualified to prepare cadets for the military profession than are civilian faculty. The evidence indicates that indeed, in many ways, a military faculty aids in the realization of both academic and professional goals. Simply stated, military officers provided the best framework for the 4-year developmental experience for cadets. There are a number of specific advantages to having a predominantly military faculty. The following are specific reasons contributing to the effectiveness of a military faculty.

1. Instructors are selected for their intelligence and their motivation to do well in the continuing progress of their career. They are also selected because of their suitability to teach at the undergraduate level.

2. Officers possess military experience allowing them to illustrate to a cadet both the principle and the application of the subject in the relevant terms of military units, people, and equipment. Usually their military background includes experience teaching military subordinates.

3. Officers motivate their cadets toward serving in the United States Army by virtue of being a role model. Officers are viewed as successful professionals doing work in their career, sharing goals with cadets, and having pursued higher education in a field of their choice. Since we staff the academy with some of the very best officers, their mere presence in the classroom demonstrates the viability of serving their country in uniform and inspires the cadets to emulate them though career commitment. Cadets encounter the faculty in a wide variety of social, athletic, military and academic situations in which learning takes place and the professional ethics of the officer corps are imparted.

4. The officer motivates his/her cadets toward academic achievement by relating it to their future military service and by showing that their subject is functional in both a military and an academic sense.

5. The officer's ideas and technical knowledge are current and fresh, having been gained through recent graduate studies from a university of known excellence. The officer does not atrophy because he moves to other military assignments after three years of instructing.

6. Officer instructors are relatively young and remain young, being replaced by a younger man or woman after 3 years teaching at West Point. The instructor's youth facilitates his/her being able to relate and communicate with cadets both academically and professionally.

7. Should, for some reason, the officer instructor prove unsuitable he or she can be moved quickly and replaced readily.

Civilian Visiting Professors who serve annual fellowships at West Point and come from some of the Nations best colleges and universities, have made the following observations with regard to differences between our military faculty and the civilian faculty from their institutions.

They describe the military faculty as younger, more vigorous, more dedicated to teaching and without many other distractions which remove the focus from teaching. They characterize the military faculty as more attuned to cadets, cadet problems, schedules and non-academic requirements. They report that the military faculty is perhaps better geared to working with undergraduates and underclassmen on a day to day basis; that the military faculty has a better understanding of the role of athletics in conjunction with academic matters; and that the military instructors are probably more realistic about the practical application of what is learned at USMA and what will be useful to the cadet as he or she moves into the military profession.

It has been said that the Military Academy can best fulfill its mission if its faculty meets a criteria for excellence that includes a commitment to the country, a commitment to the United States Army, and a commitment to West Point. Beyond these commitments and in addition to having academic ability and being able to teach well, the mission is enhanced by the faculty's already having acquired military interests and military skills; as they possess physical prowess and athletic skill; and as they subscribe to a professional and ethical standard.

On the practical side there are severe limitations to increasing substantially the civilian faculty at West Point. West Point is not a bustling economic area like Washington, D.C. Secluded and bordered by the Hudson River and several mountain ranges, an extensive infrastructure and housing market are neither available or feasible for some time to come. The houses that are available are very expensive. Skills are hired at a premium because of IBM's strategic location in the Hudson Valley. We are experiencing significant difficulties in attracting qualified civilian applicants at the GS 13 level at the pay scales which are permitted. In this economic area I simply do not believe it is possible to attract a top notch civilian faculty, have them do what our officers now do, and pay them the allowable wages.

To focus on the issue of whether a civilian faculty would reduce West Point's faculty training costs the following views are offered. First we must look at true savings. By this I refer to the difference between the narrow budget focus associated with the cost of a military officer's education in preparation for a tour at West Point and the broader provision of defense services. To the extent that defense services would require educationally skilled officers for some purpose anyway, converting to a civilian faculty at West Point would provide no true savings, but simply a time deferral of the expense of graduate schooling. There are, in addition, several significant related budgetary issues. The first is the manner in which we amortize the graduate education cost of the officer. West Point produces two kinds of graduates each year. It produces a class of cadets into the Army as new officers and it produces a cohort of officers with masters or Ph.D. degrees and 3 years teaching experience who rejoin the officer corps. Clearly the benefits which have accrued to the officer from this specialized education have a beneficial effect in terms of performance as that officer progresses through his career. Because of his or her education, the officer may be a better operations officer, or personnel officer, or commander whose education directly contributed to increased productivity, maturity, more effective management or other efficiencies. While we know that a better educated officer corps contributes to greater productivity and efficiency, such gains and efficiencies are often difficult to quantify. Nevertheless, the values of the education to the Army exists. Therefore, the expense of the education should not be amortized over just the 3 years of teaching at the Military Academy but over the entire period from which value is derived from the service. Such a procedure measurably and substantially reduces the training cost now borne solely by the USMA education program.

The second collateral issue is the identification of those services and outputs which are lost should we convert from a military to a civilian faculty. One must note first that the contribution to the mission of the officer role model is irreplaceable. There simply are no substitutes. The officer at the Military Academy performs many functions which his civilian faculty counterpart does not. The officer plans and executes cadet training during the summer. The officer performs formal function as mentor, sponsor, and officer representatives to numerous cadet activities. In effect, most extra-curricular academic and non-academic activities are subsidized by the military officers at West Point. Officers serve additionally as academic counselors and routinely support a least one, and usually several, extra-curricular activities. Officers are on call 24 hours a day. They do not maintain limited office call hours as do their civilian counterparts. I am confident that our academic faculty provides the highest measure of any college in the Nation. One must, therefore, balance short run budgetary savings which may be illusionary (because in the absence of officers, additional manpower would need to be hired to accomplish current functions civilian faculty would not perform), against a long run requirement to educate officers to provide necessary and essential defense services expertise anyway. Moreover, it is not clear that a high quality civilian faculty would continue our primary focus on undergraduate teaching. That is not to say West Point officers do not do research. On the contrary, some excellent research work is done for the Army at West Point. The point is that, while West Point is more than willing to do research, research is not one of the USMA's primary purposes. Veteran civilian faculty, however, would bring in a mind set that emphasizes research. They have been conditioned to the publish or perish syndrome. Although research and teaching are not incompatible the current climate clearly demonstrates that academic promotion puts the premium on research to the detriment of the teaching mission as well as other cadet related support functions. In order to retain their option to re-enter to the civilian academic arena they will have to continue their emphasis on research and publications. The effort spent in the conduct of academic research comes at the expense of the teaching priority currently established by the military faculty. It is not surprising that a rotating military faculty, so vigorous and so current in their disciplines and with no incentive to pursue research in lieu of teaching, currently provides the life blood of the instruction to our future leaders of character. In addition, it is apparent that conversion to a civilian faculty would jeopardized the way we currently teach. The strength of our system is the Thayer Method which involves small sections averaging 15 to 16 students, and daily dialogue between student and instructor. Experiences with Visiting Professors indicated they prefer large sections and the lecture method, which would fundamentally change the long-established teaching methodology at West Point.

It is not clear that there are cost savings to be gained from civilianizing the faculty either in the short run or in the long run. What we do have, however, is an established track record of excellence produced by the organization and method of instruction currently in place. There are several external measures of excellence which can be applied to one's overall program. Of all colleges and universities West Point ranks fourth on the list of college students awarded the coveted Rhodes Scholarship—a humanities measure of excellence. Similarly, West Point also ranks fourth among all colleges and universities for the Hertz Fellowships, a prestigious award applicable to excellence in math, science and engineering disciplines. The Military Academy produces exceptional results from its predominantly military faculty. Absent clear evidence of cost savings, changes in missions, or changes in the expectations from West Point's product, why experiment with an established system which provides proven leaders of character to our Nation?

MISSION OF MILITARY SERVICE ACADEMIES

Senator **Glenn**. Do you agree that the objective of your institution is to produce career officers for the Army?

General **Palmer**. Yes, the purpose of the Military Academy is to provide the Nation with leaders of character who serve the common defense. This purpose has remained steadfast since the Academy's founding in 1802 and will continue into the future.

The mission is to educate and train the Corps of Cadets so that each graduate shall have the attributes essential to professional growth as an officer in the Regular Army, and to inspire each to a lifetime of service to the Nation.

Together, the statements of purpose and mission explain why the Academy exists and what it is charged to do. It is appropriate to ask: "How are we doing?" Two useful measures of effectiveness are officer retention and performance.

In the area of retention, USMA graduates are serving significantly longer than officers from other sources of commission. Today, the expected time a West Point graduate will serve on active duty is almost 14 years. This is 12 percent above the average for Basic Branch officers. Most importantly, it is 25 percent above the retention profile expected in the DOPMA based Army force structure. In addition, many graduates who leave active duty continue their service to the Army in the Reserve components. Using the class of 1970 as an example, beginning in fiscal year 1990 (almost 20 years after their graduation), 40 percent of the Class were still on active duty; another 10 percent were serving in the Reserves. This result is typical of the behavior of USMA classes over the past several years.

By law and by Army policy, graduates fulfill their active duty service obligation. Over 80 percent serve beyond the minimum requirement. At the 10-year point, approximately half of a typical class is still on active duty. At 15 years, the percentage is generally 45 percent, and 35–40 percent can be expected to serve until retirement. Those graduates who continue to serve perform in an exceptional manner. Their selection rates are well above Army averages in every competitive category. As a result, the number and proportion of USMA graduates in the Army has grown continuously since the end of the Vietnam era. This trend will continue in the years ahead.

Senator **Glenn**. Do you make it clear to prospective students that you are seeking top notch people to become career officers in the Army?

General **Palmer**. Absolutely, in every phase of the Admissions Process, emphasis is placed on the importance of personal commitment and a sincere desire to serve as a commissioned officer in the United States Army. All of the literature (e.g., Admissions Catalogue, advertisements, and official publications) repeat our statements of purpose and mission. The Director of Admissions arranges visits by High School Counselors and Educators and Congressional Staff Members to ensure that they are knowledgeable of the focus and nature of the USMA Leader Development Process. All people who are asked to interview prospective cadets understand and explain the nature of the service obligation.

Our data indicates that West Point Cadets are committed to fulfilling their service obligations. A primary consideration in their decision to enter the Academy has been the desire to be an Army Officer. Most find that the West Point experience enhances their commitment to a military career. As a group, USMA cadets tend to exhibit a strong interest in science, engineering, and military service

We are continuing our efforts to attract high school students who have demonstrated high academic, extracurricular, and athletic ability. We also look for evidence of sound character and personal values. We remain committed to achieving class composition objectives which reflect the demographic character of the Army.

In this regard, it is important that we coordinate with Congress, high school officials, community and civic leaders, and parents. We must work together to ensure that West Point is an attractive option for quality youth as they contemplate the myriad options for higher education and future careers. The imperative is to *inspire* our cadets to a lifetime of service to the Nation. The actual duration of their service on active duty or reserve duty should then be determined by the needs of the Army and the talents and aspirations of each graduate.

AIR FORCE ACADEMY

Senator GLENN. Mr. Cooper, how about the Air Force Academy—do you believe a review of the civilian/military faculty should be critically reviewed, especially in light of officer strength reductions in the Air Force?

Mr. COOPER.We have looked in-depth at the impact of increasing the number of civilian faculty at the United States Air Force Academy. We do not believe we can do our mission better with more civilians. Further, our analysis shows a greater proportion of civilian faculty would increase our costs. In short, the end-strength savings would not outweigh the costs in lost motivational value nor actual expense.

Senator GLENN. General Hamm, wouldn't a change in faculty mix at the Air Force Academy to more permanent civilian faculty address the concerns of your accreditation body and improve academic vitality at the Air Force Academy?

General HAMM. No. A change in faculty mix at the Air Force Academy to more permanent civilian faculty would address only one concern of the North Central Association (NCA) accreditation team, that of intellectual depth. I do not believe such a move could necessarily increase the academic vitality at the Air Force Academy. Most members of the NCA team came from research institutions whose primary focus is in graduate studies and research. Our "relative lack of Ph.D.s" (only 37 percent) was of concern to these individuals who are more familiar with faculties comprised almost exclusively of Ph.D.s. Since there are no graduate students enrolled as Air Force Academy cadets, we are much more concerned that we have the proper academic climate for our undergraduate students. We firmly believe the number of Ph.D.s on our faculty is very adequate to provide the proper amount of intellectual vitality and the required depth for the faculty of a wholly undergraduate institution. The superior performance of our graduates going directly to graduate schools also suggests there is not a lack of intellectual vitality. Further, one of our major mission elements is to provide the motivation for our graduates to become Air Force officers. We strongly believe that our young, enthusiastic military faculty do a much better job of contributing to this goal than a greater number of permanent civilian faculty would. Our rotating military faculty bring recent Air Force operational experience with them and use it in the classrooms daily as motivation both for learning the material and for a military career. The majority of civilian faculty would lack this recent experience and, most likely, would have no comparable experience for motivating our young men and women to a career of military service. Our military faculty clearly knows the mission of the Air Force and can relate their daily lessons to that mission. The NCA team recognized these attributes of the military faculty as they listed "clarity and focus of mission" and "Esprit de Corps among staff" first among our strengths in their 1989 report.

Our military faculty has a clear focus on teaching as their primary job. A civilian faculty member must also be concerned about scholarly research if he/she is to obtain academic promotions (and thus higher salary) and remain viable in the civilian academic world. We would therefore lose some of our clear focus on mission with a greater number of civilian faculty. The cadets would surely sense this and view it unfavorably. Of even greater concern to me is that with a greater number of civilian faculty I would lose a potentially significant portion of the support for my other programs which the military faculty presently provide. For example, about 100 military faculty support the flying training. To replace their flying contribution would require 26 full-time flyers. Over 100 faculty officers support military training during the academic year, largely on their own, non-duty, time. During the summer, over 100 military faculty work full-time supporting military training programs. We cannot run our military training without this faculty support. To reduce the military faculty to, say, 50 percent of its current size would mean this contribution to our training would have to be provided by fewer military faculty members. The resulting workload increase and adverse impact on their classroom contributions would be severe.

Senator GLENN. Would greater employment of civilian faculty also reduce your faculty training costs?

General **Hamm**. We have carefully studied the cost of conversion to more permanent civilian faculty. While there is a faculty training cost for our military faculty, these costs do not offset the greater cost of a civilian faculty. This study used a 50 percent civilian/military mix, a percentage proposed in your instructions to the GAO. If annual advanced degree educational costs are taken into account, the average cost per military faculty member is $72,659. The loss of one-half of the faculty would equate to losing 13 full-time DF flyers which would have to be replaced by the Commandant at an annual cost of $930,566. On the other hand, if the percentage of flyers was increased in the remaining military faculty, there would be a commensurate decrease in their availability for academic training. This would require an additional 13 full-time faculty, at a cost of $944,567. This additional amount alone brings the average civilian faculty member's cost to $71,521. In addition, manpower studies have shown the average military faculty member works in excess of 50 hours per week. To require civilian faculty members to work comparable hours would necessitate a net salary increase of 10 percent more. An increase of even 2 percent would cause the average civilian cost to exceed that of a military faculty member. Additional costs created by a 50 percent reduction in military faculty strength would be due to the loss of faculty support to military training that, by its very nature, must be handled by military officers. The cost to the Commandant to replace these officers could exceed the costs associated with pilot replacements. Complete copies of this cost analysis ware provided to the GAO, and I assume will be reflected in their final report.

Senator **Glenn**. Do you agree that the objective of your respective institutions is to produce officers in your respective services?

General **Hamm**. Yes.

Senator **Glenn**. Do you make it clear to prospective students that you are seeking top notch people to become officers in your respective services?

General **Hamm**. Yes. "The mission of the Air Force Academy is to provide the instruction and experience to all cadets so that they graduate with the knowledge and character essential to leadership and the motivation to become career officers in the United States Air Force." This is the formal mission of the Air Force Academy, and it is published in every recruiting pamphlet we use. Further, every candidate for admission must be evaluated by an Academy Liaison Officer. The primary reason for this evaluation is to ensure the candidate is prepared to serve as a military officer and understands the purpose for the Air Force Academy before he/she enrolls. All fourth class cadets are required to memorize the mission statement during basic training, and this knowledge is continually reinforced throughout the cadets' 4 years of training.

MISSION OF MILITARY SERVICE OBLIGATION

Senator **Glenn**. Do you agree that the objective of your respective institutions is to produce career officers in your respective services?

Admiral **Hill**. Without question our objective is to produce career officers. Our professional training program is designed to inculcate a strong desire to serve. The positive aspects of a military career are emphasized throughout a midshipman's 4 years at the Naval Academy. They are exposed to a constant flow of successful officers, each a role model in their own right, that have chosen the military as a career. At their graduation from the Academy, the vast majority of our students have a positive attitude toward a career in the Navy or Marine Corps.

Senator **Glenn**. Do you make it clear to prospective students that you are seeking top notch people to become career officers in your respective service?

Admiral **Hill**. From their first brief by the officers of our Candidate Guidance department, prospective students are made aware that our goal is to produce career officers. Our Admissions Board, composed of career officers and faculty members, reviews applications for indicators of a desire to serve a career in the military. Those factors are often influential in deciding which qualified candidates receive an offer of appointment.

Questions Submitted by Senator John McCain

4-YEAR COURSE OF INSTRUCTION

Senator **McCain**. Each of the service academies requires cadets and midshipmen to attend their respective academy for 4 years regardless of whether or not the individual has had any prior college education. Title 10 of the United States Code states that the course of instruction at each of the academies is 4 years?

Mr. Wincup, Mrs. Pope, Mr. Cooper, is this provision of Title 10 the statutory reason for requiring 4 years at each academy regardless of previous academic achievement?

Mr. Wincup. Cadets must complete the 4-year course of instruction established by Title 10, United States Code, Section 4349(c) [10 USC ‘4349(c)]. The legislative history of this section reveals Congress' intention to establish a specific time period that is deemed necessary to indoctrinate thoroughly cadets for officership. The 4 years established was determined to be the period desired to implement this "tempering process." A tempering process that gives cadets "educational and technical knowledge" blended with " . . . severe mental and physical training and discipline." This is indeed the "West Point experience."

There is no indication, however, that Congress intended for the course of instruction to be exactly 4 calendar years. What is apparent is that it is intended that cadets undergo a 4-year course and accompanying experiences (eight semesters with summers).

Mrs. Pope. The provisions of 10 USC 6966 are the statutory basis for the 4-year course and the requirements for graduation include the successful completion of a curriculum which combines academic, professional and military courses. The Naval Academy does grant advanced placement based upon course completion, or examination for the academic portion of the total curriculum. While such advanced placement does permit increased flexibility in the academic area, it does not impact upon the remaining portion of the required courses of instruction.

Mr. Cooper. No. Although no entering cadets may have acquired some college level academic experience prior to enrolling as cadets, the Academy education involves much more than academics. Intensive development curricula in leadership, athletic, and professional ethics are coequal parts of the total education of cadets. Experience has demonstrated that full development in all of the varied areas demanded of cadets takes at least 4 years. Each of these years has defined developmental objectives, and the personal growth required to achieve them exceeds simple academic experience. Consequently, the normal course is 4 years, and the law reflects this. Transfer credit is granted to cadets who have earned college credit. These credits enable those cadets to take more accelerated academic courses or expand the number of potential academic electives they can complete.

Senator McCain. Are there any reasons, other than law, why someone should attend an Academy for 4 years regardless of previous academic achievement?

Mr. Wincup. Yes. The West Point Experience develops leaders of character through focus on intellectual, military, and physical growth in an environment of proper moral, ethical, and social behavior. Three related programs (Academic, Military, and Physical) are coordinated and integrated to achieve the Academy's outcome goals.

New cadets report to West Point with a variety of previous experience, they have different levels of potential and maturity, and their values are still at a formative stage. As such, each cadet's program of instruction is based on a combination of common (core) and elective subjects which recognize the individual's interests and prior achievements.

For example, cadets with military experience assist in the training of cadets who are new to the Army. They also may elect specialized training within the Military Program. Cadets who are athletically gifted can participate in varsity sports in lieu of intramural competition. Cadets with college credits may be placed in accelerated courses, or they may tailor a complete sequence of courses consistent with their interests and abilities.

Each cadet completes a baseline program which leads to a Bachelor of Science degree and which satisfies the Army's precommissioning requirements. In addition, cadets must choose among a variety of enrichment opportunities. The options are part of the leader development process. They are essential to completion of the total program of instruction. In this light, it would be inappropriate to graduate cadets simply on the basis of prior academic experience. Such action would deny those cadets critical developmental opportunities.

Mrs. Pope. Yes. At the Naval Academy we are establishing a standard for officers of all sources and I firmly believe the 4-year curriculum is vital to the standard. Although academic programs at colleges and universities, both public and private, across the country are comparable to the Academy's, the role of the Brigade organization is to encourage midshipmen to develop as leaders in addition to intellectual and academic growth. No amount of concentrated instruction can supplant the 4 years of leadersip, training, and growth provided at the Naval Academy.

Mr. Cooper. There are two important facets of the definition of "academy" that are richly established in American tradition. The first is that an academy is a school or college for special instruction. The other is that an academy is an institution that represents a Platonic approach to education, that is an approach rooted in conceptual development in a number of disciplines. The Air Force Academy does not exist to grant baccalaureate degrees; these are one by-product of the total academy experience. What the Air Force Academy does exist for is to provide instruction and experience to all cadets so that they graduate with the knowledge and character essential to leadership and the motivation to become career officers in the United States Air Force. To this end the Academy cadet curriculum concentrates in four principal areas: military training and education, academic development, athletic training, and moral/spiritual growth. Military training and education is conducted in a 4-year, structured leadership laboratory. The Cadet Wing is divided into 40 squadrons of approximately 110 cadets each where upper class cadets learn valuable leadership skills by filling command and staff positions. The military training experiences received in the freshman year are in "followership" as a cadet must know how to follow before they can lead. The sophomore program builds upon the foundation established during the freshman year, concentrating on the transition from follower to leader so they can train the freshman cadets during the next 2 years. The junior year program stresses leadership and supervisory skills through small-unit leadership situations. The senior year program concludes by applying learned leadership and management principles to the day-to-day operation of the Cadet Wing under officer supervision. The cadets gain the practical, hands-on knowledge needed for entry into the Air Force as officers. To concentrate on the academic pillar of this curriculum at the expense of the other three is to underline the most critical lessons of the Academy experiene—those that develop and strengthen leadership abilities.

Senator McCain. In reading Title 10, however, while there is no authorization for the course of instruction to be less than 4 years, neither is there any authorization for someone to attend an academy for more than 4 years. Are cadets allowed to attend an academy for more than 4 years and, if so, what is the statutory authority for this practice?

Mr. Wincup. There is no specific statute which authorizes a cadet to remain at the U.S. Military Academy longer than the prescribed 4-year period. On occasion cadets are "turned-back" to a later class. There are also instances where cadets are not permitted to graduate with their class. In both cases, the Academy (not the cadet) makes the decision pursuant to paragraph 2.03 b, Regulations for the USMA. This decision reflects the institution's judgment that the individual has not met requirements but has the potential to be a commissioned officer. The delay in graduation may be mandated by medical, compassionate, disciplinary, or remedial circumstances.

The intent of delayed graduation for selected cadets is to provide for the development of the individual to institutional standards when, for cogent reason, additional time is warranted. This practice is in the best interests of the individual, the Army, and the Nation.

Mrs. Pope. Midshipmen who are unsuccessful in the completion of the course of instruction are, under limited circumstances, permitted to remain at the Naval Academy alter graduation of their class. In the area of academic failure, if the Academic Board, acting under the authority of 10 USC 6963, recommends a midshipman not be dismissed for a deficiency in an examination, and that decision occurs after the final semester, the midshipman would be allowed to complete the academic instruction in summer school or the following fall semester. Midshipmen unsatisfactory in conduct have their graduation delayed until the awarded punishment is completed. This procedure is governed by Naval Academy regulations.

Midshipmen dismissed from the Naval Academy and allowed to participate in the Reevaluation and Reappointment Program under the provisions of SECNAVINST 1531.1A, may require more than 4 years to complete the course of instruction, if they are readmitted.

Mr. Cooper. Although there is no specific authorization in code for the Academy's course of instruction to exceed 4 years, neither is there any specific prohibition. Since 1980, approximately 15–30 cadets per year have reached the end of 4 years without completing the necessary requirements for graduation and commissioning, but with the requisite potential to perform as commissioned officers. In these cases, about half correct their deficiencies within the summer immediately following the graduation of the rest of their class. They are then commissioned and proceed to their new Air Force assignments with little, if any, loss in productive work years. The other half require more extensive time to complete graduation requirements and are extended for an additional semester. These cadets graduate in December. In both cases, the Air Force has invested heavily in the education of these cadets, and the cadets are well qualified for commissioned service. To arbitrarily separate them at the end of 4 years would be a disservice to both the taxpayer and the cadet.

Senator McCain. Since 1980, how may individuals have been allowed to extend their attendance at the Academy and what was the reason for allowing them to do so?

Mr. Wincup. Cadets are not allowed to extend their attendance at West Point. Each year there are approximately 35 cadets who are not able to progress with their classmates. Reasons for this condition will vary, for example: failure to achieve minimum academic standards, misconduct, honor issues, medical problems.

In cases where the cadet is "turned-back" or graduates after the class graduation date, the institution has determined that the cadet has not met requirements but has demonstrated the potential to be a commissioned officer. It is this condition which warrants additional time at West Point. The number of such cases since 1980 is:

Year:	
1980	25
1981	28
1982	29
1983	42
1984	23
1985	52
1986	54
1987	37
1988	21

Mrs. Pope. Since 1980, the United States Naval Academy has had 131 late graduates who were permitted to remain at the Naval Academy longer than the usual 4 years. Of those 131, all but three failed to meet the requirements for graduation on graduation day. The remaining three cases were conduct/honor cases that subsequently were resolved such that the midshipman could graduate.

Since 1980, also, the Naval Academy has turned back two first class midshipmen to later classes because of illness. Both of these turnbacks graduated in one additional academic year.

Mr. Cooper. The table below breaks down the number of USAFA graduates who required more than eight semesters to successfully complete their academic and military training at the Academy. The reasons for extended times to graduation are for academic and military deficiencies as well as for disciplinary and medical/personal hardship reasons. This table does not count graduates who participated in the "Stop-Out" program.

EIGHT-SEMESTER HOLDOVERS

USAFA CLASS	TOTAL	ACADEMIC	MILITARY	DISCIPLINARY	MEDICAL
1980	9	9			
1981	10	10			
1982	18	18			
1983	12	12			
1984	11	10		1	
1985	28	8		19	1
1986	9	8		1	
1987	9	5	1	3	
1988	17	11		6	
1989	8			3	5

NINE-SEMESTER GRADUATES

USAFA CLASS	TOTAL	ACADEMIC	MILITARY	DISCIPLINARY	MEDICAL
1980	3	2			1
1981	10	10			
1982	18	18			
1983	12	12			
1984	11	10		1	
1985	0				
1986	3	2		1	
1987	7	3	1	1	2
1988	0				
1989	6	5		1	

Source: DFRR/3970 Data current as of 7 May 90

Senator McCain. Mr. Jehn, Mr. Wincup, Mrs. Pope, Mr. Cooper, is the practice of requiring someone to attend an academy for 4 years regardless of previous academic achievement cost effective?

Should the practice be continued?

Mr. Jehn. The academies are 4-year programs of instruction in both college-level academics and military training. They also incorporate physical education and other forms of development and instruction into the 4-year program. Validation of other college courses to shorten the length of the academy tour would save costs; however, the program design for 4 years is sound and applicable to the vast majority of cadets and midshipmen, who enter directly out of the high-school level.

Mr. Wincup. Yes. The 4-year West Point Experience is a carefully coordinated sequence of education, training, and experience which prepares a cadet for service as a commissioned officer in the United States Army. It includes formal programs in military, physical, and academic subjects which are provided in a environment which emphasizes proper moral, ethical, and social behavior.

To graduate cadets early on the basis of academic achievement would deny them benefits provided in other aspects of the leader development sequence. We should continue the practice of providing cadets with a full 4-year West Point experience.

Mrs. Pope. Yes. As I alluded to earlier, the 4 years spent at the Naval Academy are a combination of academic pursuit and leadership growth. Transferees from other colleges and universities may be able to validate academic coursework but growth in leadership is a steady process that builds on past failures and successes. It is not a process that benefits from hurry or impatience. Midshipmen who validate coursework can best use "spare" academic time working toward a graduate degree at one of the area universities and still benefit from the leadership course of instruction.

Yes. The positive results we see entering the fleet indicate a system that works extremely well.

Mr. Cooper. Yes. For the reasons already discussed, the Academy curriculum spans four distinct areas: military, academic, athletic, and moral/spiritual. Many cadets excel in one of these areas at the time they are admitted; however, it would be highly unlikely that any would have attained the necessary synthesis of all that the 4-year cadet experience requires. Again, the granting of a baccalaureate degree is only one facet of the overall professional development of Academy-graduate officers.

Yes, the practice should be continued.

Senator McCain. Mr. Wincup, Mrs. Pope, Mr. Cooper, for the record please submit the numbers and percentages of cadets and midshipmen entering each year since 1980 who have previously attended college for at least one academic year.

Mr. Wincup. The following table provides the information:

Year	#	%
1980	77	5.3
1981	84	5.5
1982	83	5.8
1983	79	5.5
1984	87	6.2
1985	105	7.4
1986	81	6.1
1987	99	7.3
1988	112	8.5
1989	124	9.2

Mrs. Pope. The following provides the information:

USNA CLASS	CLASS SIZE	COLLEGE EXPERIENCE
1980	1299	71 - 5.5%
1981	1328	105 - 7.9%
1982	1363	101 - 7.4%
1983	1403	102 - 7.3%
1984	1244	73 - 5.9%
1985	1328	84 - 6.3%
1986	1329	84 - 6.3%
1987	1356	132 - 9.7%
1988	1352	84 - 6.0%
1989	1375	121 - 8.8%
1990	1363	93 - 7.0%
1991	1315	103 - 8.0%
1992	1350	97 - 7.0%
1993	1403	113 - 8.0%

Note 1: Does not include post high school private preparatory school.
Note 2: Minimum of 6 months of college.

Mr. Cooper. Our database is not set-up to track this information, although we do keep track of how many cadets have some college-level academic experience. These numbers are listed below. In a normal year, only about 9- 10 percent of an entering class will have completed some college. This may be as little as one college credit class taken while still in high school or as much as 1–2 years of college at a civilian institution. However, not all of these students receive transfer credit for this work. In many cases, credit is achieved in courses which have no analog in our curriculum; consequently, these cadets could not complete the Academy curriculum any earlier, regardless of the number of previously acquired semester hours. In fact, only eight cadets, or 0.15 percent in the last five entering classes have transferred more than the 24 semester hours nominally representing one full time year of college.

USAFA CLASS	NUMBER PREVIOUS COLLEGE	PERCENT PREVIOUS COLLEGE
1980	110	6.9
1981	139	9.3
1982	139	9.4
1983	138	9.2
1984	130	8.1
1985	122	8.4
1986	120	8.1
1987	159	11.0
1988	149	9.8
1989	133	9.6
1990	145	10.8
1991	142	10.4
1992	154	10.4
1993	178	12.9

FOUR YEAR COURSE OF INSTRUCTION

Senator McCain. Also, have there been any incidences, such as during World War II or the Korean War, where cadets or midshipmen were allowed to depart the academies without completing 4 years of instruction. If so, were they required to return to the academies to complete 4 years of instructions?

Mr. Wincup. The USMA curriculum has been reduced significantly on three separate occasions—the Civil War, World War I, and World War II. Since the Second World War, the USMA Program of Studies has not been significantly reduced. This is because (1) the Nation has not been engaged in another-world conflict, (2) the size of the Corps of Cadets has increased to produce a greater number of officers than in the past, and (3) the Reserve Officer Training Corps has filled an increasingly large portion of the Army's commissioned officer requirements. The curriculum for classes enrolled at the Military Academy during World War II was modified as indicated below.

The class of 1942 graduated as expected and no profound changes were made in their course of studies. However, they lost their graduation leave and went immediately to their branch schools.

Changes began with the Class of 1943. Those cadets engaged in flying instruction completed their entire training course (advanced) and then returned to West Point to graduate in January 1943. The nonflying cadets had their First Class courses compressed into one half year, detailing all but the most essential components of these courses. Furloughs for this class were reduced to 3 weeks. The Class of June 1943 (the original Class of 1944) graduated in 3 years by having their final 2 years of instruction compressed into one. The class of 1944 and 1945 underwent a 3-year program of instruction.

In 1943, the Academy reported that the Three Year Program of Instruction had been implemented. However, this program only reduced the total military training by 15 percent. The reductions came by reducing cadet leaves and holidays, drill and ceremonies, and various elements of the curriculum. Comparing the Three Year Curriculum for the Class of 1945 with that of the Class of 1935 demonstrated that although Military Topography and Graphics, Military History, and Physics had slight increases and Math and Electricity had slight decreases over the 10 years, Tactics instruction increased significantly while all other academic courses reduced their hours of instruction between 25 and 66 percent. Overall, while Tactics instruction had presented three percent of the curriculum 10 years before, Tactics instruction had risen to comprise 13 percent of the curriculum for the Class of 1945. The total academic hours of instruction fell from 2,750 hours for the Class of 1935 to 2,430 hours for the Class of 1945 (a reduction of nearly 12 percent). However, the number of class hours in each of the years in the war-time curriculum were between 20 and 40 percent greater than the number of hours in the comparable 3 years of the pre-war curriculum.

Most universities in the Second World War were also reducing their curriculum to 3 years. In a survey conducted on some 550 colleges and universities in the summer of 1942, 84 percent reported that they had condensed or were condensing their courses or instruction into 3-year programs.

In the summer of 1942, the Academic Board prepared a tentative 3-year curriculum. In December, a Special Board of Consultants, comprised of distinguished civilian educators and experienced Army officers from outside the Academy, reviewed and approved all of the basic elements of the curriculum. The War Department later approved the 3-year curriculum without change. It is doubtful that most institutions which reduced their curriculum were subject to the same review process as the Military Academy's. Insofar as USMA is concerned, graduates of both the Classes of 1944 and 1945 received Bachelor of Science degrees.

No graduates of the Military Academy during World War II were required to return to complete 4 years of instruction.

Mr. COOPER. No.

Mrs. POPE. During the emergency period created by World War II, students completed the Naval Academy course of instruction in 3 years as opposed to 4. Each academic year had four terms, rather than three, that included all academic coursework. Seamanship, leadership, and practical training were included. Cruises and practical instruction were confined to the Chesapeake Bay area and classroom lectures.

PREP SCHOOLS

Senator MCCAIN. Each of the services runs a preparatory school. It is my understanding that the primary reason for the prep schools since their inception has been to allow enlisted service members an opportunity to gain academy appointments. They have also come to be useful in helping more minority applicants get appointments.

Mr. Wincup, Mrs. Pope, Mr. Cooper, please provide the following information for the record not later than May 31, 1990.

Since 1980, what has been the entering size of the prep school classes?

Give the number and percentage of minority and majority students in each class.

Mr. WINCUP. Please see attached table 1.

TABLE 1
NUMBER AND PERCENT OF MINORITY/MAJORITY PERSONNEL
WHO ATTENDED THE USMA PREP SCHOOL
CLASSES 1980 - 1989

Prep School Class	# Entered Prep School	Prep School Minorities		Prep School Majority		Regular Army Component	Regular Army[1] Minorities		Regular Army[1] Majority		Reserve Component	Reserve Components[2] Minorities		Reserve Components[2] Majority	
		N	%	N	%		N	%	N	%		N	%	N	%
80	322	58	18	264	82	162	14	9	148	91	160	44	28	116	72
81	357	104	29	253	71	154	28	18	126	82	203	76	37	127	63
82	334	91	27	243	73	181	16	11	125	89	193	75	39	118	61
83	338	67	20	271	80	153	7	5	146	95	185	60	32	125	68
84	353	74	21	279	79	179	21	12	158	88	174	53	30	121	70
85	329	68	21	261	79	162	13	8	149	92	168	59	35	109	65
86	313	47	15	266	85	161	11	7	150	93	152	36	24	116	76
87	322	62	19	260	81	171	16	9	155	91	151	46	13	105	70
88	345	94	27	251	73	184	30	16	154	84	161	64	40	97	60
89	310	70	23	240	77	152	19	13	133	88	158	51	32	107	68

[1] Regular Army = enlisted personnel
[2] Reserve Coponents = non-enlisted personnel

PREPARED BY: USMA (OIR), May 1990
SOURCE: USMA PREP SCHOOL

Mrs. Pope. The following provides the requested information.

NAPS-USNA CLASS	ENTER NAPS	TOTAL MINORITY	TOTAL MAJORITY
80-84	258	83-32%	175-68%
81-85	275	66-24%	209-76%
82-86	279	90-32%	189-68%
83-87	282	101-36%	181-64%
84-88	280	86-31%	194-69%
85-89	278	87-31%	191-69%
86-90	279	110-39%	169-61%
87-91	286	103-36%	183-64%
88-92	284	94-33%	190-67%
89-93	299	120-40%	179-60%
90-94	310	128-41%	182-59%

Mr. Cooper. The table below lists both the size and minority composition for the Prep School since 1980. (Women were not considered a minority for this answer.)

PREP CLASS	TOTAL CLASS SIZE	NUMBER (PERCENTAGE) MINORITY	NUMBER (PERCENTAGE) NON-MINORITY
1980	260	102(39.2)	158(60.8)
1981	260	86(33.1)	174(66.9)
1982	260	92(35.4)	168(64.6)
1983	271	91(33.6)	180(66.4)
1984	267	64(24.0)	203(76.0)
1985	239	92(38.5)	147(61.5)
1986	221	76(34.4)	145(65.5)
1987	238	102(42.9)	136(57.1)
1988	235	89(37.9)	146(62.1)
1989	270	105(38.9)	165(61.1)
1990	256	95(37.1)	161(62.9)

Source: PLC (2582), current as of 7 May 1990

Senator McCAIN. Give the number and percentage of minority and majority enlisted personnel and non-enlisted personnel who entered the prep schools in each class.

Mr. WINCUP. See attached table 1.

TABLE 1
NUMBER AND PERCENT OF MINORITY/MAJORITY PERSONNEL
WHO ATTENDED THE USMA PREP SCHOOL
CLASSES 1980 - 1989

Prep School Class	# Entered Prep School	Prep School Minorities		Prep School Majority		Regular Army Component	Regular Army[1] Minorities		Regular Army[1] Majority		Reserve Component	Reserve Components[2] Minorities		Reserve Components[2] Majority	
		N	%	N	%		N	%	N	%		N	%	N	%
80	322	58	18	264	82	162	14	9	148	91	160	44	28	116	72
81	357	104	29	253	71	154	28	18	126	82	203	76	37	127	63
82	334	91	27	243	73	141	16	11	125	89	193	75	39	118	61
83	338	67	20	271	80	153	7	5	146	95	185	60	32	125	68
84	353	74	21	279	79	179	21	12	158	88	174	53	30	121	70
85	329	68	21	261	79	162	13	8	149	92	168	59	35	109	65
86	313	47	15	266	85	161	11	7	150	93	152	36	24	116	76
87	322	62	19	260	81	171	16	9	155	91	151	46	13	105	70
88	345	94	27	251	73	184	30	16	154	84	161	64	40	97	60
89	310	70	23	240	77	152	19	13	133	88	158	51	32	107	68

[1] Regular Army = enlisted personnel
[2] Reserve Coponents = non-enlisted personnel

PREPARED BY: USMA (OIR), May 1990
SOURCE: USMA PREP SCHOOL

Mrs. POPE. The following provides the requested information.

NAPS	ENTER	TOT (%)	TOT	ENLISTED		NON	
CLASS	NAPS	MIN	MAJ	MIN %	MAJ	MIN %	MAJ
1980	258	83-32	175-68	06-02	41-16	77-30	134-52
1981	275	66-24	209-76	07-03	48-17	59-21	161-59
1982	279	90-32	189-68	08-03	32-12	82-29	157-56
1983	282	101-36	181-64	09-03	39-14	92-33	142-50
1984	280	86-31	194-69	11-04	58-21	75-27	136-49
1985	278	87-31	191-69	04-01	55-20	83-30	136-49
1986	279	110-39	169-61	12-04	53-19	98-35	116-42
1987	286	103-36	183-64	04-01	47-16	99-35	136-48
1988	284	94-33	190-67	01-00	50-18	93-33	140-49
1989	299	120-40	179-60	11-04	43-14	109-36	136-45
1990	310	128-41	182-59	15-05	60-19	113-36	122-39

Mr. COOPER. This data is unavailable in the form desired. The number and percentage of minority and majority who entered the Prep School are listed in the answer to question 10. The data presented below describe only the distribution of the prior service cadet candidates. Thus, the answer to question 11 and the table below are *not* mutually exclusive.

PREP CLASS	TOTAL CLASS SIZE	NUMBER (PERCENTAGE) ENLISTED	NUMBER (PERCENTAGE) NON-ENLISTED
1980	260	64(24.6)	196(75.4)
1981	260	61(23.5)	199(76.5)
1982	260	65(25.0)	195(75.0)
1983	271	64(23.6)	207(76.4)
1984	267	25(9.4)	242(90.6)
1985	239	24(10.0)	215(90.0)
1986	221	40(18.1)	181(81.9)
1987	238	32(13.4)	206(86.6)
1988	235	22(9.4)	213(90.6)
1989	270	28(10.4)	242(89.6)
1990	256	35(13.7)	221(86.3)

Senator MCCAIN. Give the number and percentage of each of the above categories in each class, who ultimately got appointments to the academies.

Mr. WINCUP. See attached table 2.

TABLE 2
NUMBER AND PERCENT OF MINORITY/MAJORITY
USMA PREP SCHOOL PERSONNEL ENTERING USMA
CLASSES 1984 - 1993

USMA Class	# Entered USMA*		Minorities		Majority		Regular Army Component Minorities		Regular Army Component Majority		Reserve Component Minorities		Reserve Component Majority	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
84	189	59	37	20	152	80	11	30	76	50	26	70	76	50
85	203	57	67	33	136	67	17	25	61	45	50	75	75	55
86	190	57	63	33	127	67	6	10	56	44	57	90	71	56
87	171	51	43	25	128	75	7	16	66	52	36	84	62	48
88	198	56	53	27	145	73	15	28	68	47	38	72	77	53
89	184	56	52	28	132	72	13	25	68	52	39	75	64	48
90	166	53	34	20	132	80	6	18	72	55	28	82	60	45
91	181	56	41	23	140	77	9	22	72	51	32	78	68	49
92	174	50	54	31	120	69	14	26	68	57	40	74	52	43
93	178	57	47	26	131	74	10	21	65	50	37	79	66	50

*PERCENT ENTERING USMA BASED ON NUMBER ENTERING PREP SCHOOL (TABLE 1)

PREPARED BY: USMA (OIR), May 1990
SOURCE: PCMF, OIR

Mrs. Pope. The following provides the requested information.

USNA CLASS	NAPS USNA APPT	TOT (%) MIN	TOT MAJ	ENLISTED MIN %	ENLISTED MAJ	NON-ENL MIN %	NON-ENL MAJ
80-84	157-61%	38-24	119-76	1-NA	26-NA	37-NA	94-NA
81-85	170-62%	36-21	134-79	4-57	23-48	32-54	111-69
82-86	183-66%	71-39	112-61	3-NA	20-NA	55-NA	105-NA
83-87	197-68%	72-37	125-63	8-NA	34-NA	62-NA	93-NA
84-88	202-72%	65-32	137-68	6-55	36-62	56-75	104-78
85-89	191-69%	70-37	121-63	3-75	31-56	67-76	90-66
86-90	193-69%	72-37	121-63	6-50	36-56	66-76	85-73
87-91	183-64%	64-35	119-65	3-75	29-62	61-62	90-66
88-92	196-69%	63-32	133-68	3-NA	37-74	60-65	96-60
89-93	204-68%	79-39	125-61	5-33	25-67	74-68	100-88

NA: Data not available.

Mr. Cooper. The data is not available for all the years of interest. The categories below are not mutually exclusive.

PREP CLASS	TOTAL CLASS SIZE	GRAD CLASS SIZE	NUMBER (%) MINORITIES	NUMBER (%) PRIOR SERVICE	NUMBER (%) ATHLETE
1980	260	176	66(37.5)	44(25.0)	57(32.4)
1981	260	168	65(38.7)	43(25.6)	48(28.6)
1982	260	186	63(33.9)	47(25.3)	61(32.8)
1983	271	170	60(35.3)	46(27.1)	54(31.8)
1984	267	191	45(23.6)	19(9.9)	55(28.8)
1985	239	180	NO DATA	NO DATA	NO DATA
1986	221	187	63(33.7)	36(19.3)	NO DATA
1987	238	184	83(45.1)	22(12.0)	NO DATA
1988	235	170	63(37.1)	22(12.9)	83(48.8)
1989	270	201	82(40.8)	27(13.4)	86(42.8)

Senator McCAIN. Give the number and percentages of each class of those who then graduated or are still enrolled in the academies by the above categories.

Mr. WINCUP. See attached table 3.

TABLE 3
NUMBER AND PERCENT* OF ENTERING USMA PREP SCHOOL PERSONNEL GRADUATING OR STILL REMAINING AT USMA
CLASSES 1984 - 1993

							Regular Army Component				Reserve Component			
USMA Class	Total Graduated		Minorities Graduated		Majority Graduated		Minorities Graduated		Majority Graduated		Minorities Graduated		Majority Graduated	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
84	126	67	20	54	106	70	5	45	46	61	15	58	59	78
85	148	73	53	79	95	70	10	59	40	66	43	86	55	73
86	118	62	33	52	85	67	4	67	35	63	28	49	50	70
87	117	68	30	70	87	68	2	29	38	58	28	78	49	79
88	139	70	43	81	96	66	11	73	40	59	32	84	56	73
89	125	68	38	73	87	66	9	69	40	59	29	74	47	73

							Regular Army Component				Reserve Component			
USMA Class	Still Enrolled		Minorities Still Enrolled		Majority Still Enrolled		Minorities Still Enrolled		Majority Still Enrolled		Minorities Still Enrolled		Majority Still Enrolled	
	N	%	N	%	N	%	N	%	N	%	N	%	N	%
90	106	64	24	71	82	62	5	83	38	53	19	68	44	73
91	127	70	26	63	101	72	5	56	56	78	21	66	45	66
92	150	86	47	87	103	86	11	79	57	84	36	90	46	88
93	157	88	44	94	113	86	8	80	54	83	36	97	59	89

*PERCENT BASED ON TABLE 2

PREPARED BY: USMA (OIR), May 1990
SOURCE: PCMF, OIR

Mrs. POPE. The following provides the requested information.

NAPS-USNA CLASS	USNA GRAD/ ONBD	TOT MIN	TOT MAJ	ENLISTED MIN	ENLISTED MAJ	NON-ENLISTED MIN	NON-ENLISTED MAJ
80-84	136-87%	31- 82%	105-89%	1-100%	18-69%	30-81%	87- 94%
81-85	140-82%	25- 69%	115-86%	3- 75%	18-78%	22-69	97- 87%
82-86	139-76%	42- 72%	97-78%	NA	NA	NA	NA
83-87	149-77%	52- 74%	97-76%	2- 67%	21-64%	50-75%	76- 82%
84-88	162-79%	44- 71%	118-84%	3- 50%	30-83%	41-73%	88- 85%
85-89	155-81%	37- 53%	118-98%	1- 33%	27-90%	36-57%	91-100%
86-90	146-76%	50- 69%	96-79%	3- 50%	31-86%	47-71%	65- 76%
87-91	134-73%	40- 63%	94-79%	3-100%	26-90%	37-61%	68- 76%
88-92	179-91%	58- 92%	121-91%	2- 67%	35-95%	56-93%	86- 90%
89-93	191-94%	79-100%	112-90%	5-100%	26-90%	74-97%	86- 72%

NA: Data not available

Mr. COOPER. See table A.

Table A

GRADUATED USAFA(%)

PREP SCHOOL CLASS	# ENTER	# GRAD	NON-MINORITY Prior Service	NON-MINORITY Non-Prior Service	MINORITY Prior Service	MINORITY Non-Prior Service	TOTAL Graduated USAFA
80	260	176	18(10.6)	39(22.9)	3(1.8)	30(17.6)	90
81	260	168	19(11.3)	36(21.4)	1(0.6)	27(16.1)	83
82	260	186	11(5.9)	49(26.3)	1(0.5)	24(12.9)	85
83	271	170	19(11.2)	50(29.4)	5(2.9)	35(20.6)	109
84	267	191	1(0.5)	87(45.5)	1(0.5)	32(16.8)	121
85	239	180	12(6.7)	72(40.0)	0	32(17.8)	116

Senator MCCAIN. Give the number and percentages of each of the above categories who participated in intercollegiate athletics.

Mr. WINCUP. See table 4.

TABLE 4
NUMBER AND PERCENT* OF PERSONNEL ENTERING USMA FROM THE PREP SCHOOL WHO PLAYED INTERCOLLEGIATE ATHLETICS
CLASSES 1984 - 1993

USMA Class	# Played Intercollegiate Athletics N	%	Minorities N	%	Majority N	%	Regular Army Component Minorities N	%	Regular Army Component Majority N	%	Reserve Component Minorities N	%	Reserve Component Majority N	%
84	62	33	12	19	50	81	4	33	14	28	8	67	36	72
85	75	37	24	32	51	68	5	21	15	29	19	79	36	71
86	82	43	24	29	58	71	2	8	17	29	22	92	41	71
87	79	46	25	32	54	68	3	12	18	33	22	88	36	67
88	98	49	27	28	71	72	8	30	23	32	19	70	48	68
89	100	54	32	32	68	68	8	25	23	34	24	75	45	66
90	98	59	19	19	79	81	3	16	33	42	16	84	46	58
91	106	59	21	20	85	80	5	24	32	38	16	76	53	62
92	104	60	36	35	68	65	7	19	27	40	29	81	41	60
93	73	41	23	32	50	68	5	22	21	42	18	78	29	58

*PERCENT PLAYING INTERCOLLEGIATE ATHLETICS BASED ON TOTAL ENTERING USMA (TABLE 2)

PREPARED BY: USMA (OIR), May 1990
SOURCE: PCMF, OIR

Mrs. POPE. NAPS varsity athletics is independent of the NCAA. Recruited athletes are NAPS who received an appointment and graduated at the USNA are:

NAPS CLASS	ENTER NAPS	TOT (%) MIN	TOT MAJ	ENLISTED MIN	% MAJ	NON-ENL MIN	% MAJ
1980	75	05-06	70-94	01-02	0-08	04-05	70-94
1981	69	05-07	64-93	0-0	01-01	05-07	63-91
1982	70	07-10	63-90	0-0	0-0	07-10	63-90
1983	71	06-09	65-91	01-01	0-0	05-07	65-91
1984	77	04-05	73-95	0-0	0-0	04-05	73-95
1985	70	03-04	67-96	0-0	0-0	03-04	57-96
1986	61	06-10	55-90	01-02	0-0	05-08	55-90
1987	74	07-09	67-91	0-0	01-01	07-09	66-89
1988	66	05-08	61-92	0-0	0-0	05-08	61-89
1989	67	09-13	58-87	0-0	0-0	09-13	58-87
1990	94	20-21	74-78	01-01	0-0	19-20	74-78

Mr. COOPER. The attached table are for the Prep School classes of 1988 and 1989 only. No prior service preppies were recruited athletes.

	#	#	NON-PRIOR SERVICE RECRUITED ATHLETES	
CLASS	ENTER	GRAD	MINORITY	NON-MINORITY
88	235	170	9(5.3)	74(43.5)
89	270	201	9(4.5)	78(38.8)

Senator MCCAIN. Give the high and low SAT scores and the average SAT score for each of the above categories in each year.

Mr. WINCUP. See table 5.

TABLE 5
HIGH, LOW AND AVERAGE SAT SCORES
OF PERSONNEL ENTERING USMA FROM THE PREP SCHOOL
CLASSES 1984 - 1993

CLASS OF 1984

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	760	700	760	700	700	760	710
HIGH SAT-M	750	740	750	740	730	750	730
LOW SAT-V	350	390	350	410	390	430	350
LOW SAT-M	460	460	490	470	460	490	520
MEAN SAT-V	554	524	562	576	503	587	536
MEAN SAT-M	624	575	635	640	548	650	621

CLASS OF 1985

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	780	700	780	620	700	780	670
HIGH SAT-M	750	750	750	720	750	750	740
LOW SAT-V	355	380	355	380	390	430	355
LOW SAT-M	460	460	480	460	460	520	480
MEAN SAT-V	537	501	555	516	496	602	517
MEAN SAT-M	600	564	618	566	563	633	606

CLASS OF 1986

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	780	670	780	650	670	740	780
HIGH SAT-M	780	710	780	680	710	780	710
LOW SAT-V	340	340	380	400	340	430	380
LOW SAT-M	430	430	500	430	460	500	510
MEAN SAT-V	537	503	554	558	497	588	527
MEAN SAT-M	607	569	625	570	569	655	601

CLASS OF 1987

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	800	710	800	550	710	800	720
HIGH SAT-M	760	710	760	640	710	760	740
LOW SAT-V	400	400	400	430	400	440	400
LOW SAT-M	420	420	460	420	490	460	470
MEAN SAT-V	552	530	560	516	533	590	528
MEAN SAT-M	611	578	623	569	580	639	605

CLASS OF 1988

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	760	720	760	680	720	750	760
HIGH SAT-M	780	760	780	730	760	780	740
LOW SAT-V	350	400	350	490	400	430	350
LOW SAT-M	450	450	450	530	450	510	450
MEAN SAT-V	571	553	577	593	537	603	555
MEAN SAT-M	629	605	638	635	593	657	622

CLASS OF 1989

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	800	720	800	720	690	800	630
HIGH SAT-M	800	740	800	740	730	800	760
LOW SAT-V	390	390	390	450	390	470	390
LOW SAT-M	470	470	480	510	470	520	480
MEAN SAT-V	557	530	567	526	531	606	527
MEAN SAT-M	629	597	642	646	580	658	625

TABLE 5 (cont.)
HIGH, LOW AND AVERAGE SAT SCORES
OF PERSONNEL ENTERING USMA FROM THE PREP SCHOOL
CLASSES 1984 - 1993

CLASS OF 1990

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	740	740	740	740	650	740	640
HIGH SAT-M	790	700	790	700	680	790	720
LOW SAT-V	420	450	420	470	450	470	420
LOW SAT-M	450	460	480	570	460	490	480
MEAN SAT-V	557	530	564	603	514	592	530
MEAN SAT-M	629	589	639	627	581	665	608

CLASS OF 1991

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	770	750	770	750	700	770	680
HIGH SAT-M	800	750	800	740	750	800	750
LOW SAT-V	370	410	370	500	410	430	370
LOW SAT-M	450	450	460	530	450	530	460
MEAN SAT-V	558	551	559	632	528	601	515
MEAN SAT-M	639	621	645	632	618	672	615

CLASS OF 1992

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	730	670	730	660	670	730	610
HIGH SAT-M	770	740	770	740	730	750	770
LOW SAT-V	360	380	360	430	380	430	450
LOW SAT-M	450	450	500	450	480	540	520
MEAN SAT-V	539	507	554	534	498	592	511
MEAN SAT-M	624	601	634	620	594	667	605

CLASS OF 1993

	ENTERING USMA	MIN	MAJ	MIN RA	MIN RS	MAJ RA	MAJ RS
HIGH SAT-V	730	680	730	680	650	730	670
HIGH SAT-M	780	780	760	780	740	760	740
LOW SAT-V	310	310	380	310	360	400	380
LOW SAT-M	450	470	450	530	470	450	510
MEAN SAT-V	546	516	557	547	507	574	541
MEAN SAT-M	630	607	638	642	597	653	622

Mrs. Pope. The following provides the requested information.

NAPS	SAT-VERBAL			SAT-MATH		
CLASS	LOW	HIGH	AVERAGE	LOW	HIGH	AVERAGE
1980	NA	NA	507	NA	NA	570
1981	310	710	507	330	760	571
1982	310	740	498	410	790	576
1983	340	690	504	400	760	572
1984	340	710	502	400	710	580
1985	350	660	486	400	720	551
1986	330	710	504	370	730	566
1987	280	690	492	350	780	560
1988	330	700	517	360	750	586
1989	360	730	512	370	740	583
1990	300	690	500	340	780	564

NOTE: Scores provided are from profile of NAPS entering class. Scores are computed similar to those reported by other colleges and universities for their entering freshmen. (NA: Data not available)

Mr. COOPER. This data has not been tracked in the categories of interest for all years of interest. Only averaged data is available for the total entering and graduating Prep School classes for all years of interest. Please note that these data are affected by individuals who graduated from the Prep School but were not offered appointments.

ENTRY	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
SAT-V	469	459	462	458	440	470	474	477	483	479
SAT-M	554	546	542	535	556	547	540	555	556	544
ACT-E	19	19	20	19	18	20	21	22	21	21
ACT-M	24	22	22	24	25	24	23	24	25	25
GRADUATION										
SAT-V	496	504	508	492	474	503	506	501	503	498
SAT-M	595	589	579	581	616	575	587	579	575	582
ACT-E	24	23	23	22	22	22	23	22	23	23
ACT-M	28	28	27	27	29	25	27	27	27	27

The data listed below is for the Prep School classes 1988 and 1989 for the various categories of interest.

PREP SCHOOL CLASS OF 1988; APPOINTED

Variable	Mean	Minimum	Maximum	N
SATV	504.82	330.00	760.00	170
SATM	573.18	330.00	740.00	170
ACTV	22.94	18.00	31.00	170
ACTM	27.03	20.00	36.00	170

PREP SCHOOL CLASS OF 1988; APPOINTED MINORITIES

Variable	Mean	Minimum	Maximum	N
SATV	502.06	330.00	660.00	63
SATM	576.89	350.00	710.00	63
ACTV	22.73	18.00	31.00	63
ACTM	27.29	22.00	36.00	63

PREP SCHOOL CLASS OF 1988; APPOINTED RECRUITED ATHLETES

Variable	Mean	Minimum	Maximum	N
SATV	475.66	330.00	680.00	83
SATM	550.48	330.00	700.00	83
ACTV	22.36	18.00	29.00	83
ACTM	26.45	20.00	33.00	83

PREP SCHOOL CLASS OF 1988; APPOINTED PRIOR SERVICE

Variable	Mean	Minimum	Maximum	N
SATV	560.95	390.00	720.00	21
SATM	604.29	480.00	740.00	21
ACTV	23.90	20.00	29.00	21
ACTM	27.62	24.00	33.00	21

PREP SCHOOL CLASS OF 1989; APPOINTED

Variable	Mean	Minimum	Maximum	N
SATV	497.51	320.00	700.00	201
SATM	578.46	370.00	750.00	201
ACTV	22.82	15.00	31.00	200
ACTM	26.69	17.00	36.00	200

PREP SCHOOL CLASS OF 1989; APPOINTED MINORITIES

Variable	Mean	Minimum	Maximum	N
SATV	496.07	320.00	700.00	84
SATM	583.69	420.00	750.00	84
ACTV	22.58	15.00	30.00	84
ACTM	26.77	19.00	33.00	84

PREP SCHOOL CLASS OF 1989; APPOINTED RECRUITED ATHLETES

Variable	Mean	Minimum	Maximum	N
SATV	480.80	370.00	560.00	87
SATM	560.11	430.00	720.00	87
ACTV	22.64	16.00	29.00	86
ACTM	26.45	17.00	36.00	86

PREP SCHOOL CLASS OF 1989; APPOINTED PRIOR SERVICE

Variable	Mean	Minimum	Maximum	N
SATV	525.20	420.00	670.00	25
SATM	601.20	520.00	710.00	25
ACTV	23.32	18.00	27.00	25
ACTM	26.88	20.00	30.00	25

Senator McCAIN. Please provide the statutory authorities to include public law citations that authorize the services to operate prep schools.

Mr. WINCUP. There is no specific statute which authorizes the United States to operate the United States Military Preparatory School.

However, pursuant to Section 3012, Title 10, United States Code the Secretary of the Army is responsible for and has the authority necessary to conduct all of the affairs of his department to include prescribing regulations to carry out his functions, powers and duties under Title 10.

By law (Section 4331, Title 10, United States Code) Congress established the United States Military Academy at West Point under the general supervision and control of the Secretary of the Army.

Appointments to the USMA come from various sources to include those selected by the Secretary from enlisted members of the Regular Army and enlisted members of the Reserve components of the Army [Section 4342(b) (2) and (3), Title 10, United States Code].

To assist him in fulfilling his role to provide leaders of character for the Regular Army the Secretary established the United States Military Academy Preparatory School as a means of providing a source of the appointments permitted by Section 4342(b) (2) and (3) referred to above.

By regulation (AR 351-12 and 351-17) the Secretary has prescribed the general method of support for, and the policies and procedures under which enlisted members of the Regular Army and Reserve components are selected for enrollment in, the United States Military Academy Preparatory School (see also 32 CER 575.3).

Mrs. POPE. The Naval Academy Preparatory School (NAPS) was established and is operated under the authority of the Secretary of the Navy to conduct all affairs of the Navy, including training (10 USC 5013(b)(5)).

Mr. COOPER. There is no statute that expressly creates a preparatory school at the Air Force Academy. However, there are two statutes that may be reasonably interpreted as establishing authority for a prep school. Title 10 USC 9331 established the Air Force Academy and granted the Secretary of the Air Force authority to prescribe the organization of the Academy. In addition, 10 USC 9411 gave the Secretary authority to maintain schools and camps for military instruction and training of enlisted members and civilians. HQ USAF prepared a letter dated March 29, 1961, that granted the Academy authority to establish a preparatory school. Air Force Regulation 53-14 explains the selection, disenrollment, and assignment procedures used by the Prep School, and USAF Academy Regulation 23-3 cites the authority, mission, and organization of the school.

Senator MCCAIN. In the categories outlined above, please identify the numbers and percentages for cadets and midshipmen appointed by the Secretaries of the Military Departments under their various appointment authorities and, for the applicable categories, those cadets and midshipmen appointed by the superintendents of the academies.

Mr. WINCUP. See table 6.

TABLE 6
NUMBER AND PERCENT OF CADETS NOMINATED* BY THE
SECRETARY OF THE ARMY (INCLUDING THE SUPERINTENDENT)
CLASSES 1984 - 1993

	Secretary of Army Nominations						Regular Army Component				Reserve Component			
USMA	Total**		Minorities		Majority		Minorities		Majority		Minorities		Majority	
Class	#	%	#	%	#	%	#	%	#	%	#	%	#	%
84	173	91	33	19	140	81	10	30	72	51	23	70	68	49
85	172	85	52	30	120	70	12	23	52	43	40	77	68	57
86	164	86	55	34	109	66	5	9	47	43	50	91	62	57
87	157	92	37	24	120	76	7	19	62	52	30	81	58	48
88	173	87	44	83	128	88	12	27	62	48	23	52	66	52
89	162	88	43	83	119	90	11	26	63	53	32	74	56	47
90	132	80	23	68	109	83	5	22	68	62	18	78	41	38
91	153	85	32	78	121	86	8	25	61	50	24	75	60	50
92	161	93	47	87	114	95	14	30	65	57	33	70	49	43
93	164	92	42	89	122	93	7	17	62	51	35	83	60	49

*The President of the United States appoints cadets to the USMA. The Secretary of the Army nominates cadets against various "vacancies" in each class. The Superintendent may also nominate (authority 50) but these cadets are all charged to vacancies allocated to the Secretary of the Army.

**PERCENT BASED ON NUMBER ADMITTED (TABLE 2)

PREPARED BY: USMA (OIR), May 1990
SOURCE: PCMF, OIR

Mrs. POPE. The following provide the requested information.

NAPS-USNA CLASS	USNA CLASS SIZE	SECNAV (USN/USNR)	SUPERINTENDENT USNA
80-84	1244	147-12%	NA
81-85	1328	151-11%	NA
82-86	1329	159-12%	8-1%
83-87	1356	156-11%	34-3%
84-88	1352	170-13%	23-2%
85-89	1375	156-11%	22-2%
86-90	1363	160-10%	38-3%
87-91	1315	170-13%	39-3%
88-92	1350	150-11%	26-2%
89-93	1403	165-12%	25-2%

NA: Data not available

Mr. COOPER. The Superintendent of the Air Force Academy has recently, since 1987, been able to make nominations to the qualified alternate list; he is not entitled to any appointments. The data indicates that there were no Prep School graduates who had a Superintendent nomination.

The tables for the classes of 1988-1993 are attached (table B) and are current as of May 10, 1990.

Table B

USAFA CLASS	TOTAL GRAD	SOURCE OF APPOINTMENT																			
		NON-MINORITY					MINORITY					NON-PRIOR SERVICE					PRIOR SERVICE			
		CONG	REG	RES	PRES	OTHER	CONG	REG	RES	PRES	OTHER	CONG	REG	RES	PRES	OTHER	CONG	REG	RES	OTHER
1980	81	69					12					66					15			
1981	89	57					32					70					19			
1982	93	77					16					73					20			
1983	109	67					42					80					29			
1984	90	57					33					69					21			
1985	83		19	36			3	1	24			3		60				20		
1986	96	1	19	47				2	25			1	9	74				12		
1987	112	2	20	48	1	1		5	35			2	1	83	1	1		24		
1988	125	15	7	70			9	3	20		1	24	8	90		1		2		
1989	116	14	12	57		1	6		25		1	20		82		2		12		
1990	174	14	22	75		1	17	3	43			31		116		1		25	1	
1991	169	21	14	52			16	1	64		1	37		116		1		15		
1992	149	39	9	42			30	1	27		1	69		69		1		10		
1993	191	43	18	50	1		40	5	29	1	2	82		79	4	2	1		23	

VARIOUS COMMISSIONING SOURCES

Senator MCCAIN. We have received testimony today from the Congressional Budget Office that their analysis indicates that there is little difference in performance and retention of the officers from the various commissioning sources studied. We have also heard testimony from the service academies disputing these findings.

For the Army, identify the cohorts of combat arms officers commissioned by the Military Academy from 1965 through 1975 in the following branches: Infantry, Armor, Field Artillery and Engineers. For the same period, identify those graduates of ROTC who were commissioned as Regular Army officers upon graduation, or were appointed as Regular Army officers within a year of commissioning, in the same branches. Exclude from each cohort those officers who were detailed to other branches.

Track the career of the two cohorts by year group and provide the following information:

Average length of service.

Promotion statistics up through the highest grades.

Selection for command statistics.

Selection for intermediate and senior service school. For the Navy provide the same information for the same type cohorts who were commissioned in Surface Warfare, Aviation, or Submarine Warfare.

For the Air Force provide the same information for the same type cohorts that were commissioned as rated officers.

Mr. Jehn. We have requested the information be prepared through the Defense Manpower Data Center based upon the information in their data base. We will provide the service responses in a single submission as soon as the DMDC program is run.

[Whereupon, at 12:28 p.m., the hearing was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

WEDNESDAY, APRIL 18, 1990

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

THE STATUS OF THE STUDY ON THE TOTAL FORCE POLICY, FORCE MIX, AND MILITARY FORCE STRUCTURE, AND THE RESERVE AND NATIONAL GUARD PROGRAMS

The subcommittee met, pursuant to notice, at 9:39 a.m., in room SR-232A, Russell Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Exon, McCain, and Lott.

Committee staff members present: Arnold L. Punaro, staff director; Daniel G. Sakura, research assistant; and Lucia M. Chavez, security control officer.

Professional staff members present: Frederick F.Y. Pang.

Minority staff members present: George K. Johnson, Jr. and George W. Lauffer, professional staff members.

Staff assistant present: Debra A. Rice.

Committee members' assistants present: Andrew W. Johnson, assistant to Senator Exon; Phillip P. Upschulte, assistant to Senator Glenn; Melvin G. Dubee, assistant to Senator Byrd; and Charles G. Pearcy, assistant to Senator Lott.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. This committee will be in order. The Subcommittee on Manpower and Personnel meets this morning to review the status of the study on the Total Force Policy, force mix, and military force structure of the Department of Defense that was mandated by the Congress last year in the Fiscal Year 1990 Defense Authorization Act and to review the Reserve and National Guard programs in the fiscal year 1991 defense authorization request.

The hearing will be in two parts this morning. Our first panel will address the status of the Total Force Policy Study. Our second panel will address Reserve and Guard programs in the fiscal year 1991 defense authorization request.

Every year since I became chairman of this subcommittee, we have reviewed the Active-Reserve mix of the military services to determine how well the Total Force Policy has been working. The

Total Force Policy, which was implemented by the Department of Defense in 1973, is based on the principle that the Reserve and the National Guard would be equal partners with the Active components, in providing for our national defense.

The notion all these years has been that the military services would assign missions to the Reserve and Guard that they would be capable of performing more efficiently, and the resulting Active-Reserve mix was to be less costly, but not less combat capable.

In our hearings we have found the Total Force Policy working very well in some services and poorly in other respects. For example, the air missions that have been assigned to the Reserve and Guard are being performed, from all we can discern, with a very high degree of combat efficiency. The Air Reserve and Guard units are as combat capable—in some cases, even more so—than the Active units.

As the services restructure in the next few years, which we are going to do one way or the other, this is an area where I believe the Reserves could be assigned additional missions effectively.

On the other hand, the Army, for instance, has had a major problem in its allocation of missions between the Active and the Reserve components. In retrospect, the Army may have gone too far in assigning combat support missions, or at least some 70 percent of combat support missions, such as engineer, signal intelligence, and chemical activities, and combat service support missions, such as medical, maintenance, supply, transportation, and ammunition activities, to the Reserves, perhaps so that they would be able to increase the force structure in the Active Army.

Now, on the surface what the Army did sounds very reasonable, but I don't think there was much follow-up to ascertain whether or not the Reserves could or were effectively handling the combat support and combat service support missions.

We have followed this for a number of years on this subcommittee, so we speak not just off of what is happening right now, but after several years. And the hard, cold fact is that the Army has ended up assigning 70 percent combat support and combat service support missions to the Reserve, and then has ended up with readiness rates, combat readiness rates, varying from 55 to 45 percent, depending on which year you look at out of the last 4 years or so.

We have seen the rating system change as to how those percentages were figured. Last year's report just left the percentages off and this year we haven't gotten a report yet. So we don't know what the status is as of the moment.

But that 55 to 45 percent of Reserve combat support and combat service support units were in a not combat-ready status, a not combat-ready status. So the sad fact is the Army would not be able to sustain in a conventional war of any length of time because those combat support and combat service support forces that must roll in as early as 10 to 30 days after a shooting war starts are not equal to the task.

Would they be sent anyway? Yes, I think they probably would in a wartime situation. But at what cost? And that is not something we want to see as a standard, and it has gone on for too many years.

I make these points to underscore how important it is that the Department of Defense use this knowledge, lessons learned, as it approaches its Total Force review that it has under way. The opportunity is at hand to correct problems, such as in the Army, and to make more efficient use of our Reserve capabilities in the air and perhaps other missions.

So I look forward to hearing from our witnesses on how the DOD is proceeding along this line. Do we need to reassign some of these missions? Can we do it just as well from a combat capability and cheaper than we have been able to do it in the past in our new situation?

The bottom line is, if shooting starts what is our combat capability? That has to guide the study.

On a broader basis, the results of the Total Force review have the potential of filling in the missing pieces of the fiscal year 1991 defense authorization request, missing pieces that we urgently need to write a responsible defense authorization bill for fiscal year 1991.

Before we can write a responsible bill, we need to know from the Department of Defense the answers to four very broad questions: First, how do the recent changes in the Soviet Union and Eastern Europe affect our national interests, and have these changes altered the traditional threats to our national security? What new threats must we be ready to counter? In other words, the threat assessment has changed. We have to analyze that.

Second, how has our military strategy been revised in light of these changes, and what is the Total Force Policy to reflect that changed strategy?

Third, what do these changes in the threat and our revised military strategy to counter the threat mean with regard to our force structure, our overseas deployments, the future modernization of our military forces? How will the force mix between the Active and Reserve components be decided?

Will the force structures and force mix allow the Active and Reserve components to respond effectively to mobilization requirements at each stage of the mobilization process? What is the bottom line combat efficiency of our forces to respond to a wide array of contingencies?

And then fourth, obviously, how do we change the defense budget in light of the threat, our revised military strategy, and our allocation of force structure and our force mix? In other words, what level of defense spending is prudent over the next 5 years, given the fiscal constraints at home?

Thus far, we have only fragmentary answers to some of these questions from the Department of Defense. Obviously, all of the answers to the questions I have raised are crucial to the Total Force Study that is under way. There is no way that the determination of roles and missions of the services and the allocation of force structure can be effectively accomplished without these answers.

So I hope the Department of Defense is working hard in developing these answers and will be in a position to at least give us preliminary results before we mark up the defense authorization request for fiscal year 1991. It is a big job and it may be a fast order, but I was a little bit unhappy to know that we took quite a while to get started on this study.

We passed the bill last year and we are just getting around to having some of these early meetings on the study.

At this point I want to ask Senator McCain, ranking minority member of the subcommittee, if he has any opening remarks. I know Senator McCain is as anxious as I am that we put together a defense authorization bill based not only on the past, but on the realities of the world as we see it today and as we project it into the future.

I applaud Senator McCain for his efforts to come to grips with this. Lacking any guidance from the Department of Defense or anyone else, he and Senator Cohen have proposed guidelines for reorienting defense planning and force structure with regard to nuclear deterrence, European defense, and regional security, which I believe will be very helpful to us as we deal with the budget. Senator McCain.

Senator McCAIN. Thank you very much, Mr. Chairman, and I want to again thank you for your leadership as we try to wend our way through this very difficult and, I think most challenging year for you as chairman of this subcommittee. Clearly, we are talking about our most important and vital ingredient in our armed services, the men and women who serve and their futures.

I want to join you in expressing some frustration that we have not received more guidance on this and other issues from the administration, recognizing that the changed threat throughout the world, particularly in Central Europe, requires an additional and indeed intense scrutiny.

As you noted before in our hearings, we probably should have initiated this review several years ago. Unfortunately, had we done so the rapid changes of the last 8 years might have made this study outdated just as the ink was drying.

I am disturbed at a press report that was carried in the last couple of days that said: "The first official meeting of the Pentagon's Total Force Policy Study Group last Tuesday, April 9, produced a general consensus amongst participants that the official policy would undergo little change in coming years, even as force levels decrease."

It goes on to say: "The Study Group meeting revealed a general DOD consensus that, in the words of one meeting observer, 'There are no thunderbolts out there that are radically going to change anything.' "

I certainly, Mr. Secretary, do not know if that is a true depiction of the meeting. I hope you are here to refute that.

Mr. JEHN. It is not.

Senator McCAIN. Good, because clearly there are radical changes in the world and there will be radical changes called for.

On the other side of the coin, I am concerned, as you are, about leaks that indicate—that sensationalize this problem even more severely than perhaps is already necessary, that have been carried recently in the press. I do not know how you keep those leaks down. It is obvious that that happens over here and over there.

But I think it is a compelling reason for us to move as rapidly as possible with at least some preliminary conclusions. I am starting to receive, and I know Senator Glenn is, a lot of mail from men and women in the armed services, both active duty and Reserve, that are terribly concerned about their future, about whether they are going to be involuntarily separated, whether they are going to be promoted, whether and what kind of benefits they receive.

I know both of the witnesses and further witnesses share my concern that we could be eroding morale, and thereby combat efficiency, during this period, which requires us to make some decisions as rapidly as possible.

So I welcome the witnesses, Mr. Chairman. I think that this hearing is important. I know that the witnesses are aware of the fact that some time in the next couple of months we will be marking up some of these issues. We clearly do not want to do that without the participation and active partnership of the witnesses and the Pentagon and the administration.

But if necessary, we will do so if we have no other information or guidance to work from.

So thank you, Mr. Chairman. I welcome the witnesses, and I understand, and I know the rest of this committee does, the difficulty and the enormity of your challenge. But I again ask you not to underestimate the importance of addressing these issues with some dispatch.

Thank you, Mr. Chairman.

Senator GLENN. Thank you very much, Senator McCain.

Our witnesses have provided written statements, which we will, without objection, include in the record. I also have a statement on the Total Force Policy which Mr. Duncan gave before the House Armed Services Committee, that I believe reflects his personal views of the problems involved in this study and how to solve them. Without objection, we will include that statement in the record also.

[The information follows:]

PREPARED STATEMENT OF HON. STEPHEN M. DUNCAN
ASSISTANT SECRETARY OF DEFENSE FOR RESERVE AFFAIRS

Madam Chairman and Members of the Subcommittee:

The Reserve Forces of the United States enter the 1990's after a decade of growth and improvement which have assured their status as the best Reserve forces in the world. I have no doubt that the improvement in their capabilities has contributed directly to what the Secretary of Defense described in his own recent testimony to Congress as an "historic transformation of the global security environment." As we engage in the continuing task of developing specific policies to implement our national security strategy, I'm honored to once again have the opportunity to appear before the Committee to discuss the important responsibilities which our Reserve forces can be asked, and should be asked to assume in the future.

For almost two decades, the Total Force Policy has been a basic pillar of our military strategy. The express purpose and the recent effect of that Policy has, of course, been to place a substantial portion of our total military power in a high quality, volunteer, well-trained, well-equipped and early-mobilizable Reserve force. In recent years, I have discussed the quality of our Reserve forces with you on various occasions. Since the quality of the Reserve components is directly relevant to any consideration of the efficacy of the Total Force Policy, permit me to briefly describe the recent actual performance of four of the seven Reserve components in Panama.

Operation JUST CAUSE

Statistical data and words often have limited utility in conveying the true quality and readiness condition of military units and personnel. Intangibles, such as morale, the quality of leadership, unit cohesiveness, etc., can make a unit much better than objective data would suggest. The converse is also true.

The best measurement of quality and readiness is actual performance. In the recent and highly visible test of performance in Panama, National Guardsmen and Reservists with a wide range of skills, including many unique skills, performed brilliantly.

The Army Chief of Staff has described Operation JUST CAUSE as one of the most complex contingency deployments and employment that U.S. forces have undertaken since World War II. When the operation began on December 20, 1989, personnel from the 180th Tactical Fighter Group (TFG) of the Air National Guard from Toledo, Ohio, were engaged in regularly scheduled training at Howard AFB, Panama, with five of their A-7 aircraft. The 180th flew 76 close air support sorties and expended in excess of 2,700 rounds of ammunition. More significant than the number of rounds fired was the psychological effect on members of the Panamanian Defense Force (PDF) of the combat aircraft buzzing isolated PDF installations. The visible presence of the aircraft was credited as a major factor in the widespread surrender of PDF forces without a fight. Three days after the operation began, the Air Guard personnel from the 180th were replaced by crews from the 114th TFG in Sioux Falls, South Dakota, who were flown to Panama on C-141 aircraft piloted by the Air National Guard in Mississippi.

During the very early stages of the operation, other Air National Guard crews flew missions with C-130 aircraft airlifting 416 tons of cargo and 2,395 people, including the very first aeromedical evacuation flight to the U.S. The 172d Military Air Group (MAG) of the Air National Guard flew C-141 missions from its home station in Jackson, Mississippi, transporting 1,760 people and 382 tons of cargo to Panama. The 105th MAG of the Air National Guard (New York) flew 49 C-5 Galaxy missions airlifting 637 personnel and more than 1,000 tons of cargo. Hundreds of additional missions were flown in the later stages of the conflict. Other Air National Guard personnel provided various kinds of support to Active Air Force personnel who were engaged in the operation.

Similar missions were flown by Air Force Reserve personnel. Two AC-130 gunships from the 919th Special Operations Group of the Air Force Reserve were very evident during the early hours of the attack flying 38 combat sorties. Associate KC-10 Tanker Units flew 13 missions to refuel aircraft. Six separate C-5 and C-141 Associate Airlift Units from five states flew 71 missions (852 flying hours), airlifting 3,927 personnel and 1,921 tons of cargo as part of their participation in the initial assault air drop. Hundreds of other airlift and aeromedical evacuation sorties were flown by other Air Force Reserve units.

When I visited our Reserve forces in Panama in January, I was informed that at certain times during the intense early hours of the assault, aircraft were landing at Howard AB every 15 seconds, on a very crowded airfield, in blackout conditions (because of the danger of mortar rounds from nearby hills). The fact that not a single accident took place despite these conditions and the confusion that inevitably surrounds combat operations, is vivid testimony to the professionalism of the Active Air Force, Air National Guard and Air Force Reserve crews which were involved.

Other National Guardsmen and Reservists were also actively involved in the early stages of the conflict. When the attack began, the 1138th Military Police Company of the Army National Guard (Missouri) was also conducting annual training in Panama. That unit was the only military police unit in Panama specially trained to process POWs and civilian detainees. At 1600 hours of the first day, the unit had constructed a holding facility and was receiving prisoners. Although the unit was scheduled to complete its training and return home on December 21, over one half of its members volunteered to remain in Panama over the holiday period for an additional two weeks.

The augmentation of the Active force staffs during the crisis was another task that National Guardsmen and Reservists performed well. At the request of the U. S. Southern Command (SOUTHCOM), some 61 USAR Individual Mobilization Augmentees (IMAs) volunteered to provide staff and related support to both SOUTHCOM and several of its subordinate commands during the around-the-clock intense operations. The 366th Army Reserve Public Affairs Detachment provided in-depth media coverage for approximately 13 days.

One of the more remarkable stories about Operation JUST CAUSE was the work of the Army Reserve Civil Affairs personnel who very ably demonstrated the often unique skills of the "Citizen-Soldier." Soon after the operation began, warning orders were issued to specific Army Reserve Civil Affairs Units. Army Reservists by the hundreds immediately began calling to volunteer to go to Panama. Shortly after the operation commenced, SOUTHCOM requested that Reservists with specific skills be deployed to Panama to conduct joint civil-military operations and specifically to assist the new Government of Panama in the restoration of essential governmental services, in the assessment of the longer term needs of the country, and in the care of thousands of displaced Panamanian citizens.

The first contingent of Army Reserve Civil Affairs specialists arrived in Panama the day after Christmas, six days after the conflict began. By January 1, a total of 222 Army Reserve Civil Affairs personnel had arrived. Specialists immediately began advising the ministers of the new government on the rebuilding of the governmental infrastructure. Immediate steps were taken to assist the new government in its efforts to build the new Public Forces of Panama (FPP) from the ashes of the PDF, and to change the entire culture and attitude of the former members of the PDF so that the FPP will become a police force dedicated to the protection of the citizens of Panama, rather than a military force which intimidates and abuses. Army Reservists who serve as judges, prosecutors and precinct policemen in their private lives quickly designed a course of instruction for all members of the new FPP. The course included such subjects as "Police Ethics" and "Human Rights," as well as such standard subjects as chain-of-custody procedures for evidence, arrest techniques, etc. The prison next to the Commandancia (the former Headquarters Building of General Manual Noriega and the PDF) which had been emptied and ransacked after the attack began, was soon functioning again as a result of the advice and active assistance of a Spanish speaking Army Reserve captain who serves in private life as a U.S. Marshal.

A wide variety of other nation-building tasks were also performed by Army Reservists. A clean, organized Refugee Camp for almost 3,000 homeless and displaced persons was immediately established. Agriculture and medical specialists promptly commenced highly visible efforts to rebuild the distribution systems for food and medical supplies (by January 20, 1990, a Civil Affairs unit in Colon had already delivered 60 tons of emergency food supplies to outlying districts cut off by the fighting). Housing, real estate and construction specialists began detailed assessments of the short and long-term housing needs of the citizens of Panama City, Colon, and other areas. Airport management specialists assisted civil airport authorities in the return to normal civil aviation operations. Educational specialists worked to reopen the schools of Panama and to evaluate the long-term educational needs of the country. Public works specialists repaired vehicles and equipment so that the public transportation system could operate. Engineers cleared the streets and attacked sanitation problems. In Colon, a Sergeant in an Army Reserve Civil Affairs unit (who works as a civil engineer in his civilian job) designed a screening device for the intake valves of that city's drainage system, which had been inoperative for several months due to clogged intake valves and fouled turbines. His device worked superbly and will probably save the city from serious flooding during the next rainy season. It has already stopped the flow of raw sewage into the surrounding river system.

During my visit to Panama, I asked General Max Thurman, the Commander-in-Chief of SOUTHCOM, how our Reserve forces were performing. He replied: "The skills that the Reserves bring [to SOUTHCOM] are a godsend." The role which National Guardsmen and Reservists played in Operation JUST CAUSE should not be overstated, but their many contributions were clearly important to the success of the operation. The prompt integration of Active, National Guard and Reserve forces into such a formidable fighting force is eloquent testimony to the capabilities of our Reserve forces generally, to the often unique skills and experience they bring to the Total Force and to the progress which has been made in recent years in implementing the DoD Total Force Policy.

Understanding the Total Force Policy

In recent months, the Total Force Policy has become the subject of great public attention and of a major study by the Department of Defense. On February 2, 1990, the Secretary of Defense and the Chairman of the Joint Chiefs of Staff addressed the first meeting of the Total Force Policy Study Group, a group on which I am privileged to serve as Vice Chairman. I can assure you that the Study Group recognizes fully the great importance of the Total Force Policy Study, especially at a time of dramatic geopolitical change and when we are reducing force structure. A thorough examination of the Policy is welcome. Indeed, it is essential if we are to ensure that fundamental decisions concerning how we man the Armed Forces are sound. Unfortunately, much of the recent public discussion about the Total Force Policy has been uninformed, or at least insufficiently focused.

Part of the confusion is generated by the use of the term

"Reserves." While a basic tenet of the Total Force Policy has always been that National Guard and Reserve units constitute the primary augmentation of the Active component in military conflicts, many Guard and Reserve units (with a mix of part-time and full-time personnel) are fully ready and capable of responding rapidly to a mobilization or other orders to active duty. In this sense they are not forces to be held in "reserve," but rather early deploying or "mobilizable" units more typically found in the traditional Continental European conscription-based Reserve system. Other American Guard and Reserve units are more characteristic of traditional (later deploying) Reserve units.

The Total Force Policy was never intended to make Active, career soldiers and Reserve soldiers fungible items or mirror images of each other. Given the limited training time of part-time citizen-soldiers, sailors, airmen and marines, as well as the constrained budgetary environment in which the Department of Defense will operate in the early 1990s, it is unrealistic to attempt to make every Reserve unit the absolute equal in terms of readiness and capability, of the best Active units. Rather, the objective is to integrate the capabilities and strengths of Active and Reserve units in the most cost-effective manner, i.e., one that provides the most total military capability and flexibility possible within the limitations of the budget.

In order to discuss the Total Force Policy in a meaningful way, it is important that broad generalities be avoided. Too many military analysts argue for large changes in the force mix balance for budgetary reasons alone that are unrelated to any apparent manning philosophy or threat evaluation. Others assert that the Total Force idea has already been carried too far. I am skeptical about suggestions of large broad shifts in force mix across all of the Reserve components as an end in itself. I am equally skeptical, however, about (1) simplistic and incorrect approaches to force mix that imply that (all) Reserve units can never be "as good" as Active units merely because the former train less and, (2) similar approaches to reductions in force structure which result in "equal" reductions to Active and Reserve components with no apparent relationship to strategy or to the need for a specific military capability.

A balanced analysis of the Total Force Policy must start with a focus on particular missions. Some missions, which require a high surge of activity in wartime, but comparatively low activity in peacetime, are obviously ideal for Reservists. Others, such as those which require long periods of forward deployment in peacetime, are unsuitable. Yet others, can be reasonably assigned to either Active or Reserve units, depending upon how soon the missions must be performed after a crisis or conflict develops, the demographic profile of particular geographical areas, the particular characteristics of individual units, and many other factors. Some National Guard or Reserve units can assume even greater wartime missions and peacetime operational responsibilities than they have now. Others, clearly cannot. Certain missions which have previously been assigned to Active forces could be transferred to Reserve units, especially if it can be demonstrated that significant cost savings are available with no loss or for a comparatively small loss in capability. Other missions should remain with the Active forces.

Making Reservists Ready to Perform

In seeking to maintain required standards of readiness, Reserve units face challenges which are the result of factors that are unique to Reserve units, such as limited training time, the geographic dispersion of individual Reservists, and the fact that Americans generally, including Reservists, are mobile and tend to move from place to place. These and many other kinds of readiness challenges, however, are not related to budgetary constraints. They can be corrected by innovative thinking, good leadership and management, and by a frank recognition of the fact that the high quality of our modern Reserve forces permits (1) the introduction of training techniques, and (2) the achievement of readiness levels that were generally not possible only a few years ago.

Many readiness problems can be corrected by the elimination of the turbulence caused by changing the missions of Reserve units. The importance of stability in mission assignments is obvious. New unit missions require individual Reservists to obtain new military skills during their limited training time. While some Reservists are engaged in civilian occupations that require the same range of skills that are required to perform their military mission (e.g., aviation and police work), it is possible and desirable to hold most part-time Reservists to the same standard of performance as full-time Active soldiers only if the Reservists are trained on fewer total tasks requiring fewer skills.

In considering the readiness of Reserve forces, it is important to recognize that the readiness of certain Reserve units may need to be kept higher than that which can be justified solely on the basis of strategy or threat evaluation. Intangible elements such as morale and sense of accomplishment are directly related to decisions by Reservists to leave or remain in the Reserve forces. The training which is required to maintain certain minimum levels of readiness usually provides those necessary intangibles.

The readiness of Reserve units does, of course, depend to a great extent upon the availability of modern equipment. One thing is certain. When Reserve units are assigned significant missions and responsibilities, they must be given the tools to do the job. It is morally indefensible to assign missions to Reserve units in order to achieve cost savings, and then fail to give those units the resources that will permit successful performance. Under the Total Force Policy, the Secretary of each Military Department is responsible for providing the necessary programs and budgetary actions that support the equipping which is necessary to ensure that units meet readiness standards and deployment schedules. Since there are insufficient resources to fully fund all programs, clear priorities must be established.

Prudence and common sense suggest that resources can and should be given first to those units, whether they are Active or Reserve units, that will be deployed first to a conflict. Since 1982, the DoD policy of "First to fight, First to equip" has guided the equipment distribution planning of the Military Departments. The policy requires that all units, regardless of component, be resourced for equipment, according to the sequence in which they are required to be in place to perform their wartime mission. It is important to ensure that when called to active duty, all critical Reserve units are instantly ready to fight. It won't matter at all that the amount of warning time for future conflicts goes up by a factor of five, if we take or permit developments which increase the preparation time in which those Reserve units are ready to fight, by a factor of ten!

As we go about the business of reducing force structure, the implications for the readiness condition of all remaining units, Active and Reserve, must be kept in mind. In this regard, we should guard against the trap of assuming that any reduction in military capability or readiness is unacceptable. Certain types of forces must, of course, be kept at the highest state of readiness. Others need not be. In many cases, a shift of force structure from the Active to the Reserve components would involve no reduction in capability at all. Even when such a reduction would result, it may be acceptable in view of a changed evaluation of threat, the nature of the specific mission involved, and the significant cost savings that would result.

Limiting Reserve Forces to a Reinforcing Role

As the Armed Forces adjust to current geopolitical and budgetary realities, a view has gained currency in some quarters that Reserve forces should be refocused and limited to a "reinforcing" and "sustaining" role. According to this view, National Guard and Reserve units would serve only to supplement Active forces during protracted contingencies or a general mobilization and subsequent to some initial period of conflict. Presumably, this concept would require Reserve units to be assigned late deployment responsibilities. It assumes the need to place all rapidly deployable "contingency" forces in the Active component. Like other policy proposals, it is neither as simple nor as attractive as it may seem at first blush.

First of all, it is contrary to the current policy of the Department of Defense which is to maintain as small an Active peacetime force as national security policy, military strategy, and overseas commitments permit. This policy was not accidentally or randomly adopted. It was adopted as a cost-effective way to meet increasing world-wide contingencies. Almost exactly a year ago the Assistant Secretary for Force Management and Personnel described the Department's policy very succinctly in testimony before this committee:

> It is DoD policy to place maximum reliance on Guard and Reserve units and manpower. We use active units and manpower to support scheduled overseas deployments or sea duty, training requirements, and to support the rotation base. Above that level, we plan to support military contingencies with Guard and Reserve units and manpower when they can be available and ready within planned deployment schedules on a cost effective basis.

Second, the "reinforcing role" concept ignores the obvious opportunities for the use of the most highly qualified Reserve force in the peacetime history of the Nation. A combination in recent years of modern equipment, the assumption of major wartime missions and peacetime operational responsibilities, challenging/realistic training and other factors has produced a largely unanticipated synergistic effect -- the attraction into the Reserve forces of highly motivated, highly skilled people who are anxious to perform early deploying missions that would have been unthinkable for Reserve forces only a few years ago. The Nation has invested a great deal in the creation of this Reserve force. It should not be unthinkingly dismembered or relegated to a secondary role that will be unattractive to volunteer Reservists who have no obligation to serve at all. It should never be forgotten that with an All Volunteer Force, it is much easier to re-build Active units with full-time personnel than Reserve units with part-time personnel.

Finally, the "reinforcing role" concept incorrectly assumes that force packages designed for "contingency" missions cannot include Reservists because such inclusion would inevitably result in unacceptable delays for retraining or "mobilization." Unless a particular conflict is considerably larger than what can fairly be characterized as a "contingency," it will not require "mobilization" in the sense of a massive recall of Reservists. The law (Title 10, U.S. Code, Section 673b) currently permits the President to make a limited, fast, selected recall to active duty of Selected Reserve units or individual mobilization augmentees. Thus, the President may order to active duty anywhere between one and 200,000 members of the Selected Reserve -- without mobilization -- whenever he determines that it is necessary to "augment the [A]ctive forces for any operational mission." The Reservists involved can be retained on active duty for as long as 180 days. Since Selected Reservists are highly trained volunteers to begin with, any assumption that they are not available for rapid deployment is probably suspect.

Developing Neutral Principles for Force Mix Decisions

In making choices about whether to assign certain wartime missions or peacetime operating responsibilities to Active or to Reserve units, it is easy to overlook certain limiting factors, e.g., the fact that the amount of training time required to perform some missions creates unacceptable pressures in their civilian work places for participating Reservists. Enhancing factors can also be insufficiently taken into account. Because of experience gained during their previous full-time service on active duty, for example, many National Guardsmen and Reservists have capabilities that equal or exceed those of Active soldiers who are currently serving on active duty. It is widely recognized, for example, that many Reservists and National Guardsmen are among the best fighter, attack, and transport pilots in the world. Many planners also forget or have never fully understood just how much the quality of the Reserve components has improved in recent years.

On the assumption that the purpose of maintaining military forces is to deter war, and that combat units have greater deterrence than support units, some military leaders are of the opinion that when resources are limited, combat units should receive available resources at the expense of support units. Other leaders argue that a more credible deterrence is achieved when potential adversaries recognize that the United States is capable of engaging in conventional combat operations over a period of time, i.e., that we have a strong balance between purely combat forces and the support forces that are necessary to sustain them. Logically, of course, there should be no difference between the types of forces needed to deter conflicts and the forces needed to win them. A potential adversary's perception of his chances of succeeding in a conflict is usually related directly to his ardor to begin it. Moreover, a reasonable question can be asked as to whether we can afford two types of forces, one devoted to deterring war and one to winning it.

I have long been of the view that as a general proposition Active and Reserve forces should be balanced, i.e., that each should contain an appropriate mix of combat and support elements. A corollary of this approach is that neither Active nor Reserve forces should be unique in the absence of a specific military need that can or must be met by uniqueness. The costs of such uniqueness can be unacceptably high. If a Reserve component, for example, is given a mission or equipment not found in the Active component, there may be no pipeline from which the Reserve component may receive personnel trained to perform, or spare parts for the equipment needed for the mission. Certain missions, however, may call for uniqueness. The Army Reserve Civil Affairs personnel who have served in Panama since the commencement of Operation JUST CAUSE, for example, have brought to their nation-building task an array of civilian skills that simply cannot be found or maintained in Active units.

As we reduce force structure, it is important that budget cuts proposed by the Services not have disproportionate and adverse impacts on National Guard or Reserve units unless there are sound reasons for such impacts. Indeed, even equal cuts of Active and Reserve forces are not per se and inevitably wise. Too many analysts are of the view that since Active and Reserve forces grew together during the decade of the 1980's, they must now suffer force structure reductions at the same rate. Approximately equal force structure reductions of Active and Guard/Reserve forces may be justifiable in certain instances on the ground that when a particular combat unit is reduced, its support units should receive a similar cut, but equal cuts should not be automatic. Such a philosophy suggests an approach to cutting force structure that bears no apparent relationship to a sound strategy or plan and no recognition of the relative cost of Active and Reserve units. It may also exacerbate any existing structure imbalance between combat and support units. In the December 7, 1989 edition of the Washington Post, former Chairman of the Joint Chiefs of Staff, Admiral Bill Crowe, made the point that:

> The usual device for keeping political pressure manageable has been to cut all organizations and weapons procurements equally, while eliminating none of them.
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> * * *
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> Forces and services that are cut must be related to more than just budgets. As the size of our active forces goes down, increasing attention should be given to our reserve units and the mobilization system.

Much of the ongoing debate about whether Reserve forces should constitute a relatively higher percentage of the Total Force in the future, relates to the relative cost of assigning a particular mission to a National Guard or Reserve unit rather than to an Active unit. Since Reserve units are not fungible items, costs vary. In some cases, the costs incurred by a Reserve unit in training for and performing a particular mission are as great or almost as great as those incurred by Active units which perform the same type of mission. In other cases, National Guard or Reserve units are much less expensive.

Whether a particular Reserve unit is one third or two thirds as costly as an Active unit, the fact remains that Reserve forces are usually less costly over a period of time than Active forces. In addition to the fact that they train an average of only 39-50 days per year, citizen-soldiers sleep and eat at home and the infrastructure which is required for them is less. Consequently, I believe that for cost reasons alone, a rebuttable presumption should exist that missions should be considered for assignment to the Reserve forces unless there are sound and apparent military reasons for assigning the missions to the Active forces. If the presumption can't be easily rebutted, then a particular mission would seem to be a prime candidate for assignment to the Reserve forces.

I believe that we must avoid wholesale shifts of force structure to the Reserve components merely because they are generally less expensive. Any force structure/force-mix decision that is driven solely by budget imperatives should be closely examined. However, the converse is also true. Broad conclusions that Reserve forces provide unacceptable levels of military capability must also be rejected. Force mix decisions must be made on a mission-by-mission, unit-by-unit, case-by-case basis.

As we reduce force structure and develop the appropriate mix of Active and Reserve forces, it is important that we preserve as much of our human capital as is possible. Innovative approaches will be necessary to ensure that as highly trained individuals (especially leaders leave the Active forces, they are encouraged to continue their service in Reserve units. New ideas such as the "Reverse Roundout" concept (in which a division of ground troops would have two National Guard/Reserve brigades and one Active brigade, instead of the other way around) will also need to be energetically explored.

I am very hopeful that the Total Force Policy Study Group can develop certain "neutral" principles that may eventually take the form of policy guidance by the Secretary of Defense to the Services. Those principles might include ideas similar to the following and/or other ideas:

1. Like the Active forces, Reserve forces are not immune from structure cuts, but Service force mix proposals should be based on a military rationale other than "equal" cuts of Active and Reserve forces for the sake of equality;

2. The rationale relied upon by the Services in each case and for each mission should be credible and easily understood in order to receive as wide acceptance as possible;

3. Force mix proposals should be regularly made and analyzed on a mission-by-mission, unit-by-unit (capability) basis which is clearly related to the war plans;

4. If significant cost savings can be achieved by a transfer of force structure to a Reserve component (for the performance of a particular mission), a working presumption should be established that the transfer should be made. The presumption can then be rebutted by the demonstration of a sound military reason why the transfer should not be made (e.g., the mission requires a forward deployed unit over a period of time);

5. A similar rebuttable presumption should be made that when an Active or a Reserve unit is withdrawn from the force structure, a certain part of the cost savings will be dedicated to the strengthening of the remaining force structure before the savings are applied to other needs;

6. All units, Active or Reserve, should be resourced (for equipment, training, and other purposes) according to the sequence in which they would be required to perform their wartime or other operational missions; and

7. A rebuttable presumption should be established against force mix decisions that result in placing one a particular mission exclusively in a Reserve component. The presumption can be rebutted by the demonstration of a sound military reason why the principle should not apply in a particular case.

Recent Force Structure Decisions

It is clear that we must continue to anchor our global military strategy to the fundamentally sound doctrines of deterrence, flexible response, forward defense, security alliances and prudent arms reductions. The challenging issue is the question of what kind of forces are needed to carry out the strategy. In addressing that issue during the preparation of our FY 1991 budget request, we established certain budgetary priorities, including the retention of (1) versatile, ready, deployable and sustainable conventional forces, and (2) substantial Reserve forces -- including essential logistics, infrastructure, and planning bases.

By the end of FY 1990, the end strength of the Army National Guard and Army Reserve will be reduced by a total of 19,704 from FY 1989. This adjustment was necessary as part of the actions taken to achieve compliance with the 1990 Budget Resolution and the partial sequestration. By the end of FY 1991, the end strength of the Selected Reserve (all Services) will be 1,151,600, a modest reduction of 3,400 from FY 1990 (and 18,960 from FY 1989). By comparison, Active end strength will decline to 2,038,800, some 91,400 less than the FY 1989 level and roughly equal to 1980 end strength.

In FY 1991 general purpose forces will include 30 divisions.

The Army will decline to 16 Active divisions (about half with Reserve roundout brigades) and 10 Reserve divisions; the Marine Corps will have three Active divisions and one Reserve. The tactical Air Forces will include 24 Active and 12 Reserve tactical air wings for the Air Force and 13 Active and two Reserve carrier air wings for the Navy.

Strength adjustments after FY 1991 will be dependent in important part on principles being developed by the Total Force Policy Study Group and the allocation of missions among all of the uniformed components of the Total Force.

Conclusion

The world is rapidly changing. The changes present major challenges in planning the force structure and force mix necessary for our national military strategy and preparing for future conflicts which are increasingly difficult to predict. I continue to believe, however, that these challenges can be met successfully if we address them with candor and energy, as well as an informed and focused discussion of how we can yet improve a Total Force Policy that has already proven to be a major success.

Senator GLENN. I just got that statement this morning, and so we have not had a chance to review it with all members of the committee yet. But I thought it was an excellent statement. In fact, it reflects some of the things we have had at hearings before here and makes some of the same points I made earlier, and I agree with a great deal of what Mr. Duncan says. So I also wanted that included as part of the record.

For our first panel, which will report on the status of the Total Force Study, we have the Honorable Christopher Jehn, Assistant Secretary of Defense, Force Management and Personnel; the Honorable Stephen M. Duncan, Assistant Secretary of Defense, Reserve Affairs.

We had also asked Mr. Frank Tapparo, Executive Director of the Total Force Policy Study Group, to be here this morning. A decision was made across the river, I guess, that he was not going to be here this morning. Ordinarily, we would not accept that decision unless we were part of that decision.

We may want to have him later. We will see how things go this morning. So I am sorry that the decision was made that Mr. Tapparo would not join us this morning. I know he is busy directing the Task Force Policy Study Group, but we want to be part of what he is doing also, because we think it is so important. So we may want to have him over later. We will decide that after the hearing this morning.

Mr. Jehn, if you would lead off we would appreciate it.

STATEMENT OF HON. CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE, FORCE MANAGEMENT AND PERSONNEL

Mr. Jehn. Thank you very much, sir. It is a pleasure to be here.

As Senator McCain has already noted, newspaper accounts and other reports would have you believe a number of things, such as this Study Group is just going to serve to whitewash a move of a lot of capability from the Active force into the Reserve force. Other reports would have you believe that the Study Group is just designed, or its purpose is, to whitewash a general reduction in both the Active and Reserve forces, more or less in parallel, without any real thought.

I want to begin by assuring you that none of those reports, particularly the one Senator McCain was citing here, are at all accurate. As you said, and you may recall saying it at my confirmation hearing last November, this study is so important that the Department should not give it a lick and a promise. And I want to assure you that we are not.

The commitment to the study begins really with Secretary Cheney. He himself is interested and engaged, and on several occasions has made it clear to me and Mr. Duncan that he expects no less than an unconstrained look at how and whether the Total Force Policy and its implementation should be changed to ensure combat capability and performance are reduced as little as possible as we reduce the force structure.

Further evidence of his commitment, I think, rests in his attendance at the first Study Group meeting, along with the Chairman of the Joint Chiefs. And I might note parenthetically that the meeting did not happen last week; it happened the 2nd of February. So, we have been underway for well over 3 months now.

He appeared at our first meeting to give us his guidance and direction. He gets progress reports regularly from the Deputy Secretary, and I will say a little more on that in a moment.

He has signalled the importance he attaches to the study by the level of OSD participation on the Study Group. The Study Group's composition includes six of his Assistant Secretaries, the General Counsel, the Principal Deputy Under Secretary for Strategy and Resources, and the Chairman of the Reserve Forces Policy Board, Mr. Marsh.

Mr. Duncan and I have taken our cue, really, from the Secretary's interest. We are personally and extensively involved in every aspect of the study.

Let me give you some examples. I have met individually with each member of the Study Group, many of them much more than once, to discuss progress and prospects for the study. Mr. Duncan and I together have met the staff several times, including visits to their offices in the Hoffman Building. We review, critique, and approve all papers from the staff.

We attend the technical conferences. We attend and serve as moderators at the colloquia we have established. We meet weekly with the Executive Director to discuss progress of the study; and these meetings, the last few weeks, as the pace of the study has accelerated, have approached the 3-hour mark in length.

I talk to Mr. Tapparo almost daily, and I suspect Mr. Duncan does as well. We have regular meetings with the Deputy Secretary to discuss progress and to resolve policy questions as they arise.

We have occasional meetings with other senior leaders in the Department. For example, last week Mr. Duncan and I met with the Chairman of the Joint Chiefs. Next week we will be meeting with the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps.

Last, but certainly not least, I have asked one of my Deputy Assistant Secretaries to maintain technical oversight over the work of the study staff. The principal deputies to both Mr. Duncan and muself are as deeply involved as we are.

In short, there is extensive and deep involvement from us and from a lot of people in the Department on this study. The Secretary has made it clear that he expects no less.

So now let me briefly mention what our expectations are for the study. Obviously, the study will serve both some short-term and some long-term purposes. In the short-term, as you yourself have acknowledged, the study is going to inform the budget debate and the PPBS process underway right now as we assemble the fiscal year 1992 budget and the associated 6-year plan.

The long-term purpose the study will serve is to establish policy, principles, and methodology to guide and shape future force structure decisions. As such, its emphasis and focus is largely on Active-Reserve component mix kinds of questions.

But let me, if I may, just get a little more parochial for a moment and talk to you as just simply the Assistant Secretary for Force Management and Personnel. The study will help me in that role as well. Let me give you some examples there.

On personnel issues, the study will help me better understand the extent to which we can better direct Active separations into the Reserve components, particularly during the transition we face. Can we strengthen recruiting for Active and Reserve forces and tie them together in a better way?

What effect will changes in Total Force Policy and its implementation have on recruiting? Can we better align the Reserve components with the demographics of the United States?

Medical issues, as you have cited a number of times, are very important. Obviously, the focus of the Total Force Policy Study on medical issues will largely center around Active-Reserve mix questions. But the study will also help me ensure that any changes to Total Force Policy that result from this study, and from the work of the Study Group, will have no adverse effects on the delivery of this important benefit, medical care, to Active component members and their families.

Another area is civilians. That is an often neglected topic of conversation when we talk about the Total Force Policy. But the study will also help us better understand the extent to which we can better use civilians to minimize the decline in combat capability as end strength declines. Can we get a larger share of the uniformed personnel into direct war-fighting roles? This is an issue this Study Group and our staff will be addressing.

In summary, to repeat what I said right at the outset, we are not giving this study a lick and a promise, just as you have asked. We share your high expectations for the study. Indeed, perhaps ours are higher and more extensive than yours.

In any event, we will satisfy those expectations. That is why we are investing so much. We are investing a lot of our time, and we are investing a lot of OSD and DOD resources in the production of this study.

I will now let Mr. Duncan add his remarks, and then of course we will stand ready to answer your questions.

[The prepared statement of Mr. Jehn follows:]

JOINT PREPARED STATEMENT OF HON. CHRISTOPHER JEHN
ASSISTANT SECRETARY OF DEFENSE
FOR FORCE MANAGEMENT AND PERSONNEL
AND
HON. STEPHEN M. DUNCAN
ASSISTANT SECRETARY OF DEFENSE
FOR RESERVE AFFAIRS

Mr. Chairman and Members of the Committee:

Introduction

We are delighted to have the opportunity to address this committee on the status of our study of the Department's Total Force Policy. Considerable work has already gone into that study, but much has yet to be done. When we have completed our review and analysis of the Policy and have given our recommendations to Secretary Cheney, he will be able to issue new guidance to the Services as they shape their force structure and force mix (Active/Reserve) in the years to come. As with the other important and comprehensive reviews and studies the Department of Defense is now engaged in, however, the study of the Total Force Policy is only one part of the orderly planning process we are using to restructure our Armed Forces in the face of a rapidly changing international security environment.

Achieving an Orderly Budget Process

It is critically important that the Committee understand the context in which the study of the Total Force Policy is taking place. While there are a number of ways in which we can begin to change, shape, and adapt the Department's future budgets to the changes that are occurring in the world, policy decisions that permit us to develop and retain the military capabilities that will be required in the future cannot be made instantaneously. Secretary Cheney has consistently made the point that decisions on force structure and force mix must be part of an orderly budget and planning process.

Last January, the President directed us to submit a FY 1991 budget that was $22 billion below what Congress had authorized only months earlier. In addition, the President asked us to prepare a five year defense plan that reduced defense spending by $167 billion resulting in a real decline of 2 percent each year. These cuts were to be in addition to the $64 billion reduction in the defense budget that was made by Secretary Cheney during the early days of his tenure.

The key question is not will we cut, but how will we cut and at the same time preserve the capabilities and flexibility we will need to meet and protect U.S. security interests.

The fall of the Berlin Wall in November, the fall of the Romanian regime in December, free elections in Germany last month, and all of the other dramatic geopolitical changes that have taken place recently, make clear that, in one crucial region of the world, the threat has changed significantly. The Department of Defense is taking these changes into account as it proceeds with the development of the Fiscal Year 1992-97 program. We must, however, avoid the temptation to proceed with an ad hoc decision-making process that makes U.S. long-term defense planning a function of the day's newspaper headlines. We seek cost savings, of course, but after achieving those savings, we must end up with a smaller, but highly capable force that can protect and advance American security interests around the globe.

A former Defense Department official wrote recently, that "One can no more construct a new strategy from canceled defense programs than one can build a house from woodshavings." (Fred Ikle, "The Ghost in the Pentagon," Spring 1990 The National Interest.) That, rather starkly put, is the challenge we currently face. At the same time that we are confronted with the most radical changes in world politics in any of our life times, changes that are both promising and unsettling, we are being asked to cut very substantial additional sums from the defense budget. We cannot do this in a responsible way unless we first complete an effective review of our defense requirements. And, as members of this committee recognize, it is as important and difficult today to determine precisely what the future threats to our security will be as it was a year ago, when few observers predicted the massive changes in the Eastern bloc that lay ahead.

While acknowledging the lower risk of a sudden attack on the Central Front by the Warsaw Pact, Senator Nunn has also noted the risks and potential risks from areas outside of the European theater. The Senator recently observed, for example, that "...the United States faces serious risks, some of which are growing, in other regions and other areas... In each of these cases, the problem is one of managing risks which, if not contained, could develop in direct threats to our nation's security interests."

All of us recognize that even in Central Europe there remain potential instabilities that may have far reaching effects on the future of democratic reform there, as well as in the Soviet Union. Zbigniew Brzezinski set out the alternatives in this regard in a manner that is worth repeating here. According to Brzezinski, "If Central Europe falters economically and slides politically into violent nationalist passions, the probability is overwhelming that the Soviet Union -- itself the volcano of nations -- will explode violently before eventually smoldering into some noxious form of Great Russian nationalist dictatorship. But if Central Europe moves successfully, despite some unavoidable initial stumbles, towards democracy and prosperity, the chances grow that the painful processes of change within the Soviet Union will eventually also work themselves out in a largely constructive way."

Even though the likelihood of an attack by the Warsaw Pact in Europe has decreased, and despite the recent reductions in Soviet conventional strength, the Kremlin retains the largest nuclear arsenal in the world. That arsenal virtually defines the Soviet Union as a superpower, and as Secretary Cheney has noted on many occasions, prudence mandates that we plan defense budgets on the basis of the capabilities of potential adversaries, not on their recently stated intentions.

Although some major threats have receded, the security picture is hardly clear. What we can be sure of is that the soundest possible force structure and force mix will be forever elusive if we do not first make a thorough, dispassionate and orderly review of the security environment and of the programs which we will need to meet the threats we are most likely to encounter.

Permit us now to describe the steps that we are taking to evaluate our defense requirements and to develop the most appropriate force structure and force mix in a prudent and responsible fashion.

Implementing the Total Force Policy through PPB Process

The study of the Total Force Policy is, of course, an important part, but only one part of a larger planning, programming and budgeting process that includes established management procedures as well as new mechanisms for responding to global change and uncertainty. By incorporating the study and other initiatives into this larger, ongoing decisionmaking process, the Secretary of Defense has created a dynamic framework for managing the complex decisions we are facing. A brief review of that framework -- both the underlying, established process and the Administration's recent management initiatives -- is necessary to understand more fully the contribution and role of the study of the Total Force Policy.

As the Committee is aware, the Department's comprehensive Planning, Programming and Budgeting (PPB) process was established 30 years ago to provide a structure for the development and integration of national strategic objectives, defense programs, and specific defense budget requests. In the decades since it was instituted, the PPB process has been the subject of extensive evaluation, critique, and subsequent modifications to improve its effectiveness. A significant recent analysis was provided by the 1986 President's Blue Ribbon Commission on Defense Management, chaired by the former Deputy Secretary of Defense, David Packard. The Packard Commission's Final Report stated that, "The Commission finds that there is a great need for improvement in the way we think through and tie together our security objectives, what we spend to achieve them, and what we decide to buy." At the direction of President Bush and Secretary Cheney, this Administration moved promptly upon entering office to incorporate the recommendations of the Packard Commission in its defense management reforms.

The Packard Commission recommendations recognized the importance of a coherent, rational defense decisionmaking process that linked planning, programming and budget functions. Similarly, the 1985 study by the staff of the Senate Armed Services Committee, *Defense Organization: The Need for Change*, noted the underlying importance of the PPB system as one of "the most important and visible applications of managerial techniques in DoD." As the Committee Staff observed, "It is widely recognized that DoD's budget process would face serious confusion without the organizing influence of the PPB system."

Today, the PPB system continues to provide an underlying framework for our policy decisions on the allocation of defense resources. The senior officials of the Department have also recognized the need to augment established procedures to provide an even more resilient decisionmaking process, one oriented toward coping with today's rapidly changing defense environment. In addition to implementing the Packard Commission recommendations, we have worked to institute a broad range of management reforms, aimed at two important requirements.

First, the defense decisionmaking process must be capable of responding to change and uncertainty in the international environment. The PPB system has always faced the complex challenge of balancing requirements and capabilities across a wide range of defense objectives and missions. To that challenge is now added the need to respond to significant global uncertainty. Changes in the Soviet bloc along with new arms control initiatives are optimistic signs that have led us to believe that we can proceed to reshape the U.S. military posture. Yet, as we have noted above, the Soviet Union still retains massive nuclear forces and is continuing to modernize them; conventional and strategic arms control agreements are not yet signed and implemented; elsewhere in the world, instability and conflict continue in regional affairs while East bloc uncertainties create potential vacuums and further uncertainties; and, the proliferation of nuclear and chemical weaponry is a growing concern, as are certain non-traditional threats to our security such as the flow of illegal drugs.

These factors mandate that we develop and maintain an appropriate, flexible force structure, and that we do not make irreversible changes in that structure in advance of successful negotiations and genuine reductions in the threats to our security. As Secretary Cheney noted in his testimony earlier this year before this Committee in connection with the FY 1991 budget for the Department of Defense, "We must allocate our defense dollars to produce the military capabilities our national security requires, not to satisfy domestic political or economic concerns." To meet that challenge, the Department has shaped its management process to ensure that we can incorporate new strategic considerations, new operational requirements, and realistic, up-to-date program reviews and force assessments into the decisionmaking process.

Second, today's defense decisionmaking must be capable of handling an increasingly complex budgetary process. At any one time, the Department of Defense is forced to consider three different budgets. We are, of course, currently implementing the FY 1990 budget. We are also describing and explaining the FY 1991 budget which the President submitted to Congress in January. Finally, we are engaged in the process of formulating the Department's budget for FY 1992-93 and beyond. A change in any one of these budgets can have important consequences for the others. Moreover, global uncertainty and unfolding international events can create instability in the budget process. Instability and uncertainty have long been recognized as significant problems in defense. In the words of the Packard Commission, they "cause imbalances in our military forces and capabilities and increase the costs of procuring military equipment." To avoid these problems, especially during a time of rapid world change, the Administration has made management stability a key objective of its reforms.

Meeting the Challenge

To achieve this and related objectives, the Administration has made a series of improvements in the Department's planning, programming and budgeting process. We believe that these efforts rank among the most significant adjustments to the defense decisionmaking system since the establishment of the PPB system three decades ago.

As the Committee knows, the Military Departments are currently preparing Program Objective Memoranda (POMs) for the Fiscal Years 1992 through 1997. This six-year period provides a forward-looking perspective on defense requirements. The Service POMs are due at the end of this month. Issues raised by the POMs will be decided during this summer's Program Reviews, and subsequently, the first two years of the six-year FY 1992-97 defense program will be used as a basis for the development of the two-year budget (FY 1992-93) that is submitted by the President to Congress next January.

As part of the Report to the President on Defense Management, Secretary Cheney has established several new structures and procedures to revitalize the mechanisms for centralized policy direction. These include, for example, a new Defense Planning and Resources Board (DPRB) which has replaced the Defense Resources Board. The DPRB is charged with the development of stronger links between national policies and the resources allocated to specific programs. Similarly, the Defense Guidance has been replaced by a Defense Planning Guidance that is geared toward the enunciation of realistic, high-priority objectives and the establishment of a basic roadmap for future requirements.

In our long-term Program Reviews, we are engaging in a thorough-going analysis of the Army, Air Force, Navy and Marine Corps budgets, force structure, and procurement plans. We are reevaluating force structure and long-term national requirements across the board. Significantly, Secretary Cheney has directed that the Services plan and program for the future on the basis of the new assumption that we and the Soviets will reach an accord on a Conventional Forces in Europe agreement as well as on strategic arms reductions. This kind of forward-looking approach is unprecedented, and it reflects the Administration's seriousness about a top-to-bottom improvement in defense decisionmaking. Similarly, the Services have been required to plan future programs on the basis of the assumption that the defense budget will decline in real terms, a radical shift from the previous tendency of the Department to plan for real growth in the out-years while taking real declines in the next year's budget.

As an additional part of this emphasis on effective, centralized guidance and direction, the Secretary has ordered a landmark series of Major Reviews of key acquisition programs. These include the major aircraft review (the evaluation of six aircraft programs -- the B-2 bomber, the Advanced Tactical Fighter, the Navy Advanced Tactical Fighter, the A-12 Avenger, the Advanced Tactical Aircraft and the C-17 transport), the Advanced Rotary Wing Review of the experimental light helicopter, and the Major Warship Review of the Navy's SEAWOLF nuclear attack submarine and the BURKE class of destroyers. Information generated from these reviews will assist the Secretary in providing important guidance for future program and budget decisions. Paralleling these program reviews, the Secretary has directed other new initiatives, including the Total Force Policy Study provided for by law and the work of the new Conventional Force Readiness Committee. These, like the program reviews, will generate principles and objectives to guide future defense decisionmaking.

It is important to note that these reviews represent a new approach to DoD decisionmaking, one that recognizes the need to be responsive, flexible, and comprehensive. No single defense mission, function or program stands alone. This will be particularly true during a period of rapid global change, shifting defense requirements, and complex policy choices. Effective policy decisions will and must reflect a prudent consideration of a wide range of complex issues.

The Total Force Policy Study

The agenda of the Total Force Policy Study Group is to address the crucial force structure/force mix questions facing the Department, but not to address every imaginable issue which may merit some attention. The world geopolitical situation is simply too fluid and dynamic for that. Moreover, prudence requires the orderly approach to the resolution of the major force structure issues that we have described. We do believe, however, that the Study Group will be able to develop recommendations that will eventually take the form of policy guidance by the Secretary of Defense to the Services as they make program and budget decisions over the coming months and years.

We have been directed by the Secretary to undertake a serious, no-holds-barred look at the Total Force Policy. We will outline key principles, processes, and methodologies for the Secretary and other senior decision-makers. Since issues involving the Total Force Policy will be the subject of various reviews in the weeks and months ahead, the work of the Study Group will necessarily be integrated into the PPB process in the development of the FY 1992-93 budget. Thus, we anticipate that the defense budget which the President submits to Congress next January will reflect those recommendations of the Study Group which are approved by Secretary Cheney. The principles and methodologies which the Study Group develops will provide standards by which the force structure and force mix proposals of the Services can be evaluated in future years, as well as in the near term.

As this committee can well appreciate, any comprehensive analysis of the Total Force Policy is very complicated. We have, however, met with several members of Congress and with congressional staff personnel who are particularly interested in the study. We have mapped out a plan for reviewing the relevant issues. We have established a professional staff which is actively supporting the Study Group. And, we are currently discussing the key issues with outside experts.

The work of the professional staff of 30 civilian and military personnel is overseen by a 24-member Study Group made up of the key civilian leadership of the Department and senior Active and Reserve military commanders. We share the leadership of the group; i.e., the Assistant Secretary of Defense for Force Management and Personnel serves as Chairman, and the Assistant Secretary of Defense for Reserve Affairs serves as Vice-Chairman.

The Study Group has broad membership. Four other Assistant Secretaries of Defense serve on the Study Group (Health Affairs, Production and Logistics, Program Analysis and Evaluation and Legislative Affairs) as does the Principal Deputy Under Secretary of Defense (Strategy and Resources) and the Department's General Counsel. The Assistant Secretaries (Manpower and Reserve Affairs) of each of the Military Departments serve on the Study Group, as do the representative of the Chairman of the Joint Chiefs of Staff, senior representatives of each of the Service Chiefs, the Chiefs or Directors of each of the seven Reserve components (including the Coast Guard Reserve), and the Chairman of the Reserve Forces Policy Board.

The Group has several efforts of note underway. We have organized a series of colloquia which permit the members of the Study Group to meet with members of Congress, former DoD officials, military commanders, and a variety of outside authorities on Total Force issues. We conducted the first of these meetings last Tuesday. Because of our strong interest in obtaining the best views of our top operational commands -- a concern emphasized in the Goldwater-Nichols Act -- we will be meeting with the Commanders-in-Chief next week, and we will continue to seek similar military expertise and advice as the study progresses.

We have taken steps to ensure that we are receiving as broad and as relevant a range of views as is reasonably possible and that we are examining the right issues. At our meeting last week, we heard from ten former DoD officials and commentators on defense issues, and we examined several key issues in-depth. The Study Group will be meeting frequently over the next several months to develop initial answers to various, specific questions and to make principal-level military and political judgments.

The work of the Study Group is being supplemented by two important technical conferences. These conferences provide an opportunity to meet with technical experts from each of the Services and to review our progress to date. A technical conference on cost issues (i.e., the relative costs of Active and Reserve forces in the performance of specific missions) was held on April 9. That conference permitted a discussion in some detail of the knotty definitional and data problems which confront any effort to determine the transition, operating, and support costs which are associated with Active and Reserve units. Better information on these key cost issues is essential if we are to shed new light on the issue of force mix. We also are holding a technical conference on personnel issues later this week to discuss some of the key manpower, personnel, and training issues that we will be facing during this period of downsizing.

Conclusion

We hope that this brief review has given the Committee a better understanding of how the Total Force Policy Study fits into the Secretary's budget planning and how the principles which are developed in the Study will assist the Secretary in providing program guidance to the Services. As we have said, the Total Force Policy Study is an important part of the orderly process we are engaged in for the effective restructuring of our Armed Forces in the face of a rapidly changing international security environment. We are confident that together the Administration and the Congress can develop the long- and near-term defense plans and budgets that will maintain and advance the global security interests of the United States in the years ahead.

Senator GLENN. Good. Mr. Duncan.

STATEMENT OF HON. STEPHEN M. DUNCAN, ASSISTANT SECRETARY OF DEFENSE, RESERVE AFFAIRS

Mr. DUNCAN. Thank you, Mr. Chairman. Let me express my own thanks for the opportunity this morning, to explain what we are doing and to dispel some notions about what we are not doing.

Let me set the context, if I may with the chairman's permission, by dispelling notions that seem to be current in some quarters that we are going about our business in a haphazard fashion. Let me start by describing for the committee the President's report, which was only released last month, entitled "National Security Strategy of the United States."

And I will quote: "The United States has never maintained active forces in peacetime adequate for all the possible contingencies we could face in war. We have instead relied on Reserve forces and on a pool of manpower and industrial strength that we could mobilize to deal with emergencies beyond the capabilities of our Active units."

"For almost two decades, our Total Force Policy has placed a significant portion of our total military power in a well-equipped, well-trained, and early mobilizing Reserve component, various elements of that policy—the balance between Active and Reserve forces, the mix of units in the two components, the nature of missions given Reserve forces—are likely to be adjusted as we respond to changes in the security environment. Reserve forces are generally less expensive to maintain than their Active counterparts, so, as we adjust force structure, retaining Reserve units is one alternative for reducing costs while still hedging against uncertainties. It is an alternative that we must thoroughly explore, especially as we better understand the amount of warning time we can expect before a major conflict."

Mr. Chairman, this is certainly one alternative that we are exploring. We recognize, and various senior officials in the Department have stated publicly, that the probability of a global war with the Soviet Union is much lower today than it was a year ago.

We also recognize and we accept the challenge of adapting the force structure, the doctrine, and the training of the Armed Forces to the realities of the rapidly changing geopolitical situation. I can assure the committee that the offices and the agencies of the Defense Department are currently reassessing a wide range of planning factors in addition to warning time.

But, as the Director for Force Structure, Resource and Assessment of the Joint Staff recently said in testimony to the House Armed Services Committee: "Recent events should serve as an adequate reminder that we lack perfect information and that the unexpected can and does occur. Historical perspective is a useful check when grand speculation would argue for bold near-term adjustments."

We expect that the rate of change in the international situation is going to continue, at least for the near term. That is why the Secretary has repeatedly stated that we should approach this study and reduce our force structure in an orderly and prudent fashion. Haphazard reductions in force structure that are made immediately can have adverse consequences upon readiness, which the chairman I know is personally concerned about, as are we.

We are examining our force structure, we think, in a very prudent manner. The Secretary has given clear fiscal guidance to the services along the following lines: plan for a 2 percent decline in the DOD budget each year in real terms; also, make disproportionate cuts in overseas forces.

New threat evaluations are being taken into account by the services in the preparation of their POM's. And the Secretary, we feel, has issued sufficiently broad and directed policy guidance. Of course, he will have the opportunity to adjust all of the POM submissions of the services through such vehicles as the Major Program Reviews, which we will be involved in up to our ears all through the spring and the summer months.

The work of the Total Force Policy Study Group is proceeding in parallel with, and as part of, the overall program efforts of the Department. As the work of the Study Group proceeds, I would urge the committee to remember a couple of points that are unique to Reserve forces.

First of all, each of the military services, as the chairman has already noted, relies upon its Reserve forces in different ways. Consequently, it is very difficult for me to predict today precisely what effect the, as yet, undetermined future recommendations of the Study Group to the Secretary of Defense will have on the size and the scope of our future Reserve forces.

Second, and despite much speculation in the media to the contrary, the Secretary of Defense has not made any final decisions on the future mix of Active and Reserve forces. I mean in the out years.

I would also suggest that anyone who is interested in the work of the Study Group read with caution the various descriptions and characterizations of our work, as Mr. Jehn said, in the media. Some of the media accounts are inaccurate to a surprising degree. Let me assure the committee that the Secretary has reached no conclusions yet because we have made no recommendations to the Secretary.

I should also state publicly, as I have on previous occasions, that the Secretary has given us no stated outcome. He has not described the conclusions that he wants us to reach. We are totally unfettered in making our best policy recommendations to the Secretary.

To do that, we are soliciting a wide range of opinion on the issues we are addressing. We have already met with or we are in the process of arranging substantive meetings with senior Members of Congress, with our commanders in chief, with current government officials outside of the Department of Defense, with former senior civilian officials of the Department of Defense, with representatives of academia and think tanks, and with others whose views we think we need to hear.

I can assure the committee that our meetings with experts from outside of the Department are in fact designed to elicit a broad range of views. We have already seen at our recent colloquia that those reviews are often very conflicting. On April 10, for example, we conducted a colloquium outside of the Pentagon which lasted for almost 8 hours. The views of the 10 guests who attended were thoroughly examined and, as I have said and I think Mr. Jehn said, future colloquia are already scheduled.

We are also exploring a range of substantive issues which involve the Total Force Policy. These include such subjects as: a common costing methodology for the evaluation of the relative costs of Active and Reserve forces that could perform the same mission; the future force structure requirements of land forces generally, including combat and support forces; the advantages and disadvantages of the call-up authority which is available to the President under Title 10 Section 673(b) of the U.S. Code and how we might ensure the greatest flexibility in the choice of which forces to use in future conflicts or crises; the future force structure requirements of naval and air forces; what the implications of significant reductions in force structure are for our personnel and manpower policies and for the training of our forces, and other related subjects.

The Study Group is also sponsoring what we refer to as "Technical Conferences." On April 9, a cost conference was conducted at the Institute for Defense Analyses to enable technical cost experts from several organizations to address such topics as: transition costs; recurring unit O and S costs; recurring indirect support costs; and other policy issues relating to costing methodologies.

Later this week, we are hosting another Technical Conference at the RAND Corporation. This conference will address such topics as: compensation and personnel policies that may be required to facilitate changes in the Active and Reserve force structure and to sustain a new structure; second, alternative manning policies for Active and Reserve units; and third, methods for integrating various manpower, personnel and training issues into the force mix decisionmaking process.

In summary, Mr. Chairman, we welcome the opportunity for the Total Force Study. We think it provides an opportunity to us to improve our planning processes and to develop a force structure that reflects the best possible balance between Active and Reserve forces.

It is clear, however, that the Total Force Policy Study Group faces a major challenge: how to stuff 100 pounds of study, analysis, reflection, and recommendation involving a wide range of critically important and complex policy issues into a time frame measured by a 5-pound bag.

We cannot guarantee that whatever recommendations we make to the Secretary of Defense will be universally supported, either in or outside of the Pentagon. Nor can we even guarantee to the chairman this morning that the Secretary will accept our recommendations.

What we can guarantee is that our ultimate recommendations will be based on our honest and best judgment and that we are working very hard, under very difficult circumstances and during a period of rapid and historic geopolitical change, to successfully fulfill the responsibilities that were given to us by the Secretary and by the Congress and to meet the objectives of section 1101 of the fiscal year 1990 National Defense Authorization Act.

With that, Mr. Chairman, I have no further remarks, and of course we would be happy to respond to your questions.

[The joint prepared statement of Mr. Duncan, and Mr. Jehn appears on p. 413.]

Senator GLENN. Good. Thank you very much. We will get to questions.

Your statements of how you are going at this thing are fine. It was the intent of the legislation that was passed last year that this study be pretty much zero-based, if we can put it that way. In other words, you were not to go into this with preconceptions that, yes, we are here to rubber stamp this or we are here to upset it either.

It was just to take a changing situation and see who can do the best job whether there should be realignments and, since some of the concepts of the Total Force Study have not worked as well as advertised through the years, that is it now time to look at this again since no study has been conducted since 1973.

I must say that I am getting a little tired as the subcommittee chairman of every time I bring up the subject of oversight, I start getting criticized by anybody involved with it. I am now finding out from some of the Guard and Reserve people the word is around that I am out to change the Guard and Reserve in some way.

I do not know how that gets out, but I suppose any time we look at something that has not been looked at since 1973 maybe people get a little bit nervous. The same thing happened on the academies when we wanted to look into them. They had not been looked at for 11 years, and we just wanted to exercise our normal oversight function. All at once I am the worst guy in the world, I am trying to do away with the academies and everything else, just because we want to look at them.

The opposite happens to be true, what I want to see is more of the academy graduates staying in to lead as they have been trained to do. I am the biggest backer on Capitol Hill of the academies.

So anyway, these are the things that we put up with here, and so I just hope that you can take a zero-based view of this whole thing, and where you think changes should be made. Maybe you think they should change, but we cannot do it for other reasons.

But this is an issue that has not really been looked into since 1973 and I think it has been long overdue, and it comes at a time change in history which is just monumental. I sat with the majority leader's group in the Kremlin last Thursday for 2 hours across the table from President Gorbachev, heard his views on all the things going on.

It was quite mind-boggling to sit there and hear him describing how they were starting Saturday with major Supreme Soviet meetings on moving to a market economy, with their problems of pricing, banking, and eventually stock market. You sort of shake your head and wonder if you got in the right room over there when that occurs.

Things like that are going on. We met for 2 hours with Marshall Akhromeyev about some of their problems and why they are not demobilizing faster and looking at some of his figures, and why are they keeping tank production when we are closing all of ours out.

They say, of course, that they are keeping about 1,500 a year. I said that we estimated their production of tanks, first line battle tanks, was continuing even now at about 1,500 to 2,000 a year. He corrected me. He said: I can tell you, it is 1,500.

Why do you need that many? Well, they are concerned with land borders. They have a tremendous land periphery. And later on he made a point out of why we would not put the Navy in for arms control negotiations, why we were hesitant on that. Well, I came back at that point and said: Well, we have water borders, just as you have land borders, and we have international interests in keeping the sea lanes open.

So the point I am making is not to relate the personal experiences over the last 10 days or so, but to indicate that we are in a very major time change here and military alignment change. First we have to start with the strategy, and then our policy to back that up.

That is what this is all about, and I wish we had been able to go through it a couple years earlier. But, as Senator McCain has said in starting out, maybe we would have had to redo it anyway because the changes did not occur 4 years ago. They are changing now.

Some of these things that are going on over there are amazing. He said that they are going to be reduced by 500,000 in military strength, they would be down to 3.7 million, I believe it was, by the end, by January 1991.

But one of their biggest problems is as they bring people back, it is not with the enlisted that go back home but their biggest problems is housing for the officers and their families getting out and what do you do with those people? And too often now they have to come back and live in one room with their family after thinking they had a career in the military, and things of that sort.

So we are into a time, into periods of enormous change, and that is really why this Total Force Policy takes on such an importance for us right now.

Senator Lott, do you have any comment before we proceed with questioning?

Senator LOTT. Well, just a brief comment. We are not going to do questions right now?

Senator GLENN. I thought maybe you had an opening statement.

Senator LOTT. Well, no. Just I would like to thank you for being here and just this comment. After having been back home for the past 10 days and talked to a number of military people and talking to people up here and sort of thinking about what is going on up here, I kind of came to the conclusion that, because of events around the world and because of what we are saying in Congress and what you are having to go through in the Pentagon, I have a feeling that a sort of chaos has set in, a little bit of a panic by uniformed officers and by OSD officials about how we are going to reduce defense spending.

I hope that you do not approach it that way. I hope there is an orderly process, and I hope that you do not let Congress drive you into making decisions or recommending cuts that are not in the best interest of the military, or changing mixes that may not be necessarily in the best interest of the military.

Look at it coolly, calmly. Do not cut one nickel that you cannot afford to cut. Make your recommendation to Congress and let us commit hari-kari if we want to.

So I guess I am trying to put a little different spin on what has been going on up here. I have been sitting quietly and basically joining in the stampede to cut everything. And I think it is getting out of hand.

And do not count on Congress to pull our act together and approach this thing in an orderly, cautious, careful, planned way.

Senator MCCAIN. Why not?

Senator LOTT. You guys are going to have to give us some leadership. And frankly, I have been to a lot of these hearings over the past couple months and I get a very nervous feeling about what I see coming from the military people and from the Pentagon.

That is all. I had that on my chest and I thought I would get it off. I will add to that with some questions here in a moment to you two gentlemen.

Senator GLENN. Thank you. Thank you very much.

I do not know whether there is panic in the Pentagon, as Senator Lott says there is, but there is panic on this side if there is not over there. So we can all get together and panic together, I guess.

Hopefully, the Total Force Policy will bring us back to reason.

In your statement you mention that Secretary Cheney is going to use the results of the study to issue new guidance to the services as they shape their force structure and force mix. That is fine. The requirement is for the Secretary of Defense to do more than just study that and act as a policy guide. The study was also to report on the force structure and force mix of the military services based on a realistic assessment of the threat, the military strategy to counter the threat, and allocation then of the roles and missions of the military services that form the basis for force structure and force mix decisions in the study, and then a prudent plan for defense spending over the next 5 years.

That is what we had outlined in the legislation that was passed last year. Now, without objection I want to include in this hearing record the specific statutory requirement for the study, submit that for the record.

[The information follows:]

101st CONGRESS
1st Session

S. 1352

IN THE SENATE OF THE UNITED STATES

August 4 (legislative day, January 3), 1989

Ordered to be printed as passed

AN ACT

To authorize appropriations for fiscal years 1990 and 1991 for military functions of the Department of Defense and to prescribe military personnel levels for such Department for fiscal years 1990 and 1991, and for other purposes.

PART D—TOTAL FORCE POLICY

SEC. 541. TOTAL FORCE POLICY

(a) FINDINGS.—Congress makes the following findings:

(1) Since inception of the Total Force Policy concept by the Department of Defense there has been no singular authoritative study by the Department of Defense on the operation and effectiveness of that policy.

(2) Force mix decisions by the Department of Defense appear to be fragmented and decentralized.

(3) A comprehensive review of the Total Force Policy is long overdue.

(b) STUDY.—The Secretary of Defense shall convene a study group to review the operation and soundness of the Total Force Policy of the Department of Defense and to make recommendations for improvement of such Policy. The review by the study group shall include the following:

(1) A critical examination of the basic tenets of the Total Force Policy with a view to determining whether changes are required to make the policy more effective.

(2) A critical examination of the force mixes in each of the military services that have evolved since the Total Force Policy was established with a view to determining the soundness of the mixes.

(3) A realistic assessment of combat readiness shortfalls and the resources required to correct the shortfalls.

(4) Development of a cogent force mix strategy for dealing with substantially smaller active military forces in the future.

(5) An evaluation of the operational effectiveness of active and reserve force command and control relationships (similar to the ongoing Army study on alternatives to the current Army Reserve command structure).

(6) A proposed system for top level evaluation of force mix decisions on a regular and systematic basis.

(b) REPORT.—The Secretary shall submit to the Committees on Armed Services of the Senate and the House of Representatives, not later than December 1, 1989, a report containing the results of the review of the study group convened pursuant to subsection (a) together with such comments and recommendations as the Secretary considers appropriate.

Senator GLENN. I am sure you have read the requirement. If you have not, I recommend it.

Mr. JEHN. We have. [Laughter.]

Senator GLENN. You spend a lot of time in your statement discussing the working of the planning, programming and budgeting system in DOD. In fact, about two-thirds of your statement I believe is on that line.

The final third says basically that the study will eventually recommend policy guidance that the Secretary of Defense will give to the services as they make program and budget decisions, and the results will be apparent in the budget the administration will submit next year.

Well, I hope we could do a lot better than that. I do not want this thing to be done and then find that it is irrelevant to the process because the baseline of the defense budget for future years, is the fiscal 1991 budget.

I know that this work we mandated last year is not simple. I know the changes are moving at a fast pace, and that is why the budget we have from you is almost out of date as far as the threat assumptions are concerned. And as Senator Nunn has pointed out in his lengthy floor statements in setting the stage for our full committee hearings this year, it is also full of a lot of blanks that need to be filled in, and he delineated those. He spelled those out on the Senate floor. I will not repeat them here this morning.

You also indicate in your statement that this budget for 1991, which I think needs to be overhauled now—in some ways it is out of date upon submission—but it calls for a cut of $167 billion over the next 5 years. Yet you have identified only $70 billion, or less than one-half, of the out year dollar cut in program terms. So the remainder has yet to be specified.

There is one line in your statement that I agree with you on completely, and that is you should avoid the temptation to proceed on an ad hoc decisionmaking process that makes U.S. long-term defense planning just a function of the day's newspaper headlines.

I do not know whether that is what we are already getting into or not. But did either of you review and approve the Army's restructuring plan that made the headlines on Monday? Mr. Jehn.

Mr. JEHN. No, sir. That is still internal Army business. That is part of the POM that they are putting together to deliver to OSD at the end of this month.

Senator GLENN. Was that just a leak?

Mr. JEHN. Yes, sir.

Senator GLENN. Mr. Duncan, did you see it?

Mr. DUNCAN. No, sir, but I would not expect to see it. The Secretary has not seen it, because the services are due to submit their POM's, I believe, by the end of April, and those POM's will be the subject of the Secretary's scrutiny all through the spring and the summer.

Senator GLENN. Would you agree with the reduction in the Active Army at 25 percent and the reduction in the Reserve and National Guard of 17 percent by 1998, Mr. Jehn?

Mr. JEHN. I do not think I am in a position to agree or disagree at this point. That is one of the things we hope the Total Force Policy Study is going to help us with.

Senator GLENN. Good, I agree with you 100 percent. I do not know when this will be submitted to the Secretary, but I hope it gets better consideration than it has had by you and the others so far.

Mr. JEHN. It will.

Senator GLENN. Have you looked at it since it came out in the paper to see how it compares with other services, or is that still all to be part of the ongoing study also?

Mr. JEHN. No, sir, we have not seen it. All I know is what I too have read in the newspapers. We will see the Army POM at the end of this month, as Secretary Duncan said. And at that time, we and other OSD officials, will have the opportunity to review it; and discussions concerning that service's POM, as well as the other services, will continue through May and June.

Senator GLENN. I realize this is early in the process, but is there anything that you have learned out of this so far on what kind of restructuring should begin in 1991, based on the changing threat that exists today?

Mr. JEHN. No, sir.

Senator GLENN. Mr. Duncan.

Mr. DUNCAN. Well, the budget that the President submitted reflects our best judgment currently. But we hasten to say that we are already in the process and moving as fast as we can to take into account for 1992 and beyond all the changes that we are talking about. But that represents our best judgment, as of today.

Senator GLENN. Well, we want as we go along on this to have your input. Whether it is at a hearing or privately, as you learn things that we can start implementing this year, we want to know it this year. I do not think we have the luxury of just putting off action to the future.

I have been a little unhappy that this did not get going faster. It has been in the law now for some time. The President signed last year's authorization bill that required this, and yet we have just had one meeting of the Total Force Policy Study Group.

Mr. JEHN. Oh, no, sir.

Mr. DUNCAN. No, sir. I think Mr. Jehn tried to put that to rest. That newspaper account is totally inaccurate. That newspaper account that said one meeting——

Senator GLENN. Okay, including the number of meetings and everything?

Mr. JEHN. Oh, yes.

Mr. DUNCAN. We have had several meetings. As a matter of fact, when did you say the first one was?

Mr. JEHN. The first one was the 2nd of February, when the Secretary and the Chairman appeared. We have had a number of meetings of the Total Force Policy Study Group. The meeting that article referred to was one of our colloquia, which occurred last week.

So the article was just totally garbled.

Senator GLENN. How do you go about the threat assessment with this group? Do you have members on there from DIA, CIA, and everyone else? How are you handling that? Because that is so key to everything else that you are going to try to accomplish?

Mr. JEHN. Our connection to that process and to notions of military strategy is through the representative from the Joint Staff, he is Lieutenant General Butler, who is the J–5 on the Joint Staff. He is working with the Chairman, preparing the new military strategy, and has also been the individual relating to the intelligence agencies.

In direct response to your question, we do not have representatives of the intelligence community on the Study Group.

Senator GLENN. Okay. Will NSC be part of your group?

Mr. JEHN. No, sir. This is an entirely internal DOD group.

Senator GLENN. Where do you get your threat assessment from, then? Maybe I did not understand you.

Mr. JEHN. The threat assessment comes to us via the J–5, and the J–5 is getting it from the intelligence agencies, from the NSC, and from other internal DOD organizations, like the Office of Net Assessment.

Senator GLENN. Mr. Duncan, you indicate in your statement, with regard to the Active-Reserve mix under the Total Force Policy Review, that some National Guard or Reserve units can and should assume greater wartime missions and peacetime operational responsibilities.

Can you give us any specific examples of what you mean by that?

Mr. DUNCAN. Well, no, not by unit. But as the chairman has pointed out, the capabilities we have in some of our Reserve forces are as good as or better than you may find in the Active forces. You have identified some of them.

Others, for reasons such as lack of full resourcing and other kinds of reasons, are structurally incapable of taking more, and we are going to be candid and honest about that. The point I was trying to make there was that we simply cannot treat all Reserve units and all Reserve forces in the same way. They have different strengths and different disadvantages, and we have to be very smart as we go about it. That was all.

Senator GLENN. Some of the options seem rather simplistic sometimes when we read about or hear about them. Some of the mix options appear to be solely dollar-driven, that results in nearly equal reductions to the Active and Reserve components, with no apparent relationships to a defined coherent military strategy.

Do you plan to address that in the Total Force Study?

Mr. JEHN. Oh, absolutely. As you have asked, and we certainly agree, this is going to be in essence a zero-based study. There are no preconceived notions about balance between the Active and Reserve components. As we proceed with the study we are going to be starting from an assessment of the threat, as we have already discussed, and proceeding from that, testing the principles, methodologies, tools we develop by constructing force structures to meet various notional threats that, again, the Joint Staff is preparing for us.

Senator GLENN. My time is up. Senator McCain.

Mr. DUNCAN. Mr. Chairman, if I could, I would like to supplement that answer by briefly stating that those "one for one" kinds of cuts are not only addressed in the context of our Total Force Policy Study. We address those in our program and budgeting process and we meet them head-on.

They have been vigorously discussed over several months.

Senator GLENN. Before I turn this over to Senator McCain, I hope your thinking on this, as I keep saying at almost every hearing, I hope your thinking when you are designing roles and missions is: Okay, we just went to war; now, what works, bottom level common denominator, combat capability?

That is it. We can fuss around with all the things, but when you see people proposing equal cuts of 25 percent, 25 percent, Guard, Reserve, and the Regulars, or whatever, you just know that that is not being done on anything except just that somebody got in the tank over there and out-argued somebody else, we will all take an equal cut and that is it. It was not based on combat capability, had very little to do with it.

So I hope you are addressing all those things.

Senator MCCAIN. Thank you, Mr. Chairman.

Along those lines, Mr. Jehn, what is the operational definition of "roles and missions" that your Study Group is using in this review?

Mr. JEHN. The operational definition is the same as the one we have used all along, to ask whether, to what extent, each of the services and, for that matter, each component within the services, Active versus Reserve, ought to adopt roles and missions for their employment.

And by "roles and missions," we mean precisely what the Department has always meant, what activities, what functions, what purposes do you wish each function and each component to serve.

Senator McCAIN. Mr. Duncan, the Marine Corps utilizes active duty personnel to staff a large number of reserve billets. How does that work for the Marines, and are there any applications of that to the other services?

Mr. DUNCAN. There could be, although the needs and the requirements of the various Reserve components vary widely. You can only do so much—I am very familiar with that concept, but you can only do so much with a concept that may work with a very small force like the Marine Corps and try to apply that across the board to broad, large forces like the Army.

Of course, we do have full-time support people in all of the services, and it varies. Their needs vary. One of the things we have just done recently is submit a report to the Congress which for the first time, to my knowledge, addresses full-time support within each of the Reserve components.

It will give us a better management handle on what the full-time support needs are and to what extent Active duty people could play a role, and so forth. One of the things we are going to be looking at as we draw down Active force structure is, what do we do with some of those first class people in the Active force structure? I will hasten to say that there is not an automatic home for them in the Reserve forces, because we want the best forces and if we already have good people in the Reserve forces, we are going to be looking at a kind of a competition factor. How can we maintain the best overall force, Reserve and Actives, and keep the best people, whether full-time or part-time or whatever?

Senator McCAIN. Would you envision a much larger role for the Reserve forces, in light of the significant cuts we are going to see in Active duty forces?

Mr. DUNCAN. It is hard to say where it will turn out, and I do not want to preempt the work of the Study Group. Clearly we are coming down in force structure, no doubt about that. I do not think—and this is Steve Duncan's personal opinion—that Reserve forces are immune to reductions.

But I think on the merits of combat capability and what the Reserve forces can contribute, if we are smart about it, I think a very strong case can be made that, while the whole force structure can come down, perhaps a slightly higher—and I do not know how much higher—percentage of the total force would be Reserve component people when you get through.

But again, that policy decision should be on a competitive basis, on the basis of what can really be done with those forces and what capabilities we have to retain.

Senator McCAIN. We have, and I think appropriately, spent large sums of money particularly on Air Guard units, while not so much on some other units. Some units of the Reserves compete head to head with Active duty forces, and they do very well.

It seems that, given the decreased likelihood of immediate conflict, they could assume a larger and larger role in our defense posture. Does that make sense?

Mr. DUNCAN. Yes, sir. I mean, obviously we go about the business of weighing cast against the capability we need to perform a particular mission. The question is whether we can find it in the Reserve forces and what the relative costs are. Also, what are all the other contributing factors, for examples, do we need forward deployment and so forth?

But I agree completely that, as the evaluation of the risk and the threat decreases, there are opportunities for some highly qualified Reserve forces. But just not across the board, in all cases in all times for all services.

Senator MCCAIN. Do you have any thoughts on that, Mr. Jehn, Secretary Jehn?

Mr. JEHN. I think Mr. Duncan has stated it well. We are looking at all these options, and we do not want to preempt the work of the study. In fact, the question you have asked is about the results, ultimately, we will arrive at. But we do not go in with any preconceived notions.

Senator MCCAIN. Mr. Jehn, who has the final say on the recommendations the Study Group will make to Secretary Cheney?

Mr. JEHN. Mr. Duncan and I.

Senator MCCAIN. Does there have to be consensus amongst the members?

Mr. JEHN. I do not expect there to be consensus. It would be nice if there were and I think on a lot of issues we will probably reach consensus, if by "consensus" we mean general agreement among all the members of the Study Group.

But if no consensus emerges, Mr. Duncan and I will try to present a balanced argument to the Secretary. And where important disagreements remain, we will try to highlight those for him.

I do not think we want to preempt, either, the Secretary's ability to ultimately make the decisions. The decisions will ultimately be made by Secretary Cheney, and we need to provide him the best advice and the best assessment of the pros and cons of the various alternatives.

Senator MCCAIN. And what time frame are we talking about for some at least preliminary recommendations?

Mr. JEHN. We expect, at a minimum, we will be delivering an interim report to him at the end of the summer, as we have promised. But Mr. Duncan and I are already in line to present, to the Defense Policy and Resources Board an issue paper as part of the program review in June.

So that will probably be our first detailed systematic opportunity to present options and alternatives to the Secretary and the rest of his staff. But we may in fact raise other issues, and we certainly have the opportunity to raise other issues, much earlier than that because of the regular meetings we have with Mr. Atwood.

Senator MCCAIN. Well, let me, if I might, reemphasize the problem that that gives us. It is my understanding that we should mark up some time either in late May or into the month of June. I am not sure how we can make your input significantly felt unless we have some kind of interim proposals.

Mr. JEHN. Well, I guess all I can do there is echo what Secretary Cheney has been saying, that we view the 1991 budget as a transition between the old force structure and the new, and exactly what the new is we are in the process of determining right now, and this Total Force Policy Study is part of that effort.

As decisions are made, or circumstances change, during that review that we think have significant effect or ought to have significant effect on the 1991 budget, we will certainly share them with the Congress.

Senator MCCAIN. Well, I hope so, because we are constrained by the rules that require us to move along at a certain pace. And I am sure you are keenly, in fact painfully, aware of that.

Let me just go back to roles and missions again. I am concerned about the possibility of, or the likelihood of, the parameters being shaped by the traditional roles and missions and not new ones. And it seems to me that a proper evaluation of roles and missions has to begin with the threat, which all of us agree has significantly changed over the last year and may change again.

It seems to me that has got to be our starting point, rather than the traditional roles and missions that each of the services have carried out. Does that make sense?

Mr. JEHN. Yes, it does. I misunderstood your question. We are proceeding exactly the way you want us to proceed, namely starting with threat and military strategy, and asking what are the appropriate functions—I am not going to use the term "roles and missions," just so we do not confuse things here—what are the appropriate functions and activities we wish each of the services, and within the services, the Active and Reserve components, to perform, given the threat and the military strategy, in other words, the uses to which we expect to have to put military forces in the future.

Senator MCCAIN. I freely admit that it is very easy for me to sit here and tell you what should be done, and it is much more difficult for you, given the responsibilities that you have and the requirement to obtain consensus, or as much consensus as possible, amongst all the services.

But I would like to reemphasize what I said in the beginning and what Senator Lott and Senator Glenn have been saying: I think in as short a time as possible we should provide the men and women of the military with at least certain policies, such as we do not intend to implement involuntary separations at this time, or we do intend to implement certain of those, or we will not affect the PCS situation.

I think there has to be certain, specific policies regarding personnel handed down as rapidly as possible in order to quiet some of this enormous uncertainty that now exists.

I was out at a local Air Force base just recently and they had an air show and people had flown in from all over the United States. Believe me, every one of those personnel—I had never experienced such popularity when they found out that I was someone who had some responsibility.

They are very, very concerned, and so I would hope that there is an awareness of the uncertainty and concern out there, the impact that it is already having on morale, and the time urgency and sensitivity of giving them some basic guidelines under which they can exist, and leave some of the details to some time in the future.

Mr. JEHN. Yes, sir, I could not agree with you more. And we have begun assembling a plan to attack that kind of uncertainty and fear. In fact, I am meeting later this week with the three Assistant Secretaries for Manpower from the military departments to talk and begin to lay out a strategy for getting at exactly the concern you talk about.

We are very concerned about it, and we want the transition we are clearly going through right now to have as little effect as possible on the quality and combat capability of the forces.

Senator McCAIN. Well, my time has expired. I hope that you will seize the opportunity to discuss these issues with the reporters from the Navy, Army, and Air Force Times as well.

Mr. JEHN. Exactly one of the things we have been talking about.

Senator McCAIN. Thank you.

Thank you very much, Mr. Chairman.

Senator GLENN. Thank you.

Will the study as you see it contain specific recommendations with regard to the force mix and force structure of the military services?

Mr. JEHN. I am not sure. What it certainly will contain is criteria by which to judge how the services have themselves recommended allocating between the Active and Reserve components and policies, procedures, and methodologies we ought to use for evaluating what the services have recommended.

We will also be testing those methodologies and policies and principles against reality, if you will, by constructing notional force structures to cover different threats and scenario situations.

Senator GLENN. Will you tell us how many divisions there should be and what the mix of Reserve and Regulars should be, and the wings and the battle groups and things like that? Because that is the information that we would like to have.

Mr. JEHN. Whether that will be precisely a part of the Total Force Policy Study's output or whether the intermediate product of the study will be used to develop that product, you will certainly see it in the results of the work that is going on in the Department right now.

Senator GLENN. I hope you are not being so broad-based that you just become another debating group——

Mr. JEHN. No, sir.

Senator GLENN [continuing]. That does not get much attention around town, because we have been looking for some real guidance.

It makes me a little nervous when in your statement on page 12 you say that: "We have been directed by the Secretary to undertake a serious, no holds barred look at the Total Force Policy. We will outline key principles, processes, and methodologies for the Secretary and the other senior decisionmakers."

And then: "Thus we anticipate the defense budget which the President submits to Congress will reflect those recommendations of the Study Group which are approved by Secretary Cheney."

And you go on to say "which the Study Group develops, will provide standards by which the force structure and force mix proposals of the services will be evaluated in future years."

Do you look at the job as only establishing the principles and the processes and methodologies? You do not go beyond that in getting into the force structure?

Mr. **Jehn**. No, sir. That is a reference to the rather obvious fact that, of course, the study is going on in parallel with the Department's efforts to develop the 1992 budget. We are not a substitute for the PPBS process, nor are we going to preempt the PPBS process.

But what I want to assure you of today is that the Total Force Policy Study, our results, our work, will be an integral part of the process by which the Department arrives at the recommendations that it will make to the President and then to the Congress on what the future force structure of the military will be.

Mr. **Duncan**. Mr. Chairman, let me add an observation. You characterized the statement we made in the prepared statement about processes, methodologies, principles, and so forth as "only that." I see this as something substantially more than "only."

My own perception is that historically, the system has provided for a very strict review by the Secretary only after the POM submissions are made by the services. Certainly the system would permit, and I think we should give, much stronger guidance from the Secretary to the services as they go about the business of developing the POM's.

We are not, however, under the illusion that we are going to substitute the work of our Study Group for the POM process within the services. We are still most anxious to hear the services' recommendations about how to carry out the strategy we give them and how to design the forces to meet the mission requirements that we give them.

But the Secretary can give guidance at the beginning and have a much better ability to evaluate the submissions at the end of the process. I think that is going to be a very substantive improvement.

Senator **Glenn**. Well, what will be the effect on the 1991 budget? Will it be in time to have any effect on that?

Mr. **Jehn**. As of now, the 1991 budget has been submitted. And, as I said earlier, in response to Senator McCain's questions, as we go through our deliberations, both in this study and in the process of constructing the 1992 budget, as circumstances change, decisions are made, new developments occur that we believe ought to affect the ultimate shape of the 1991 budget, we will share those with the Congress.

But the position of the Department right now is that the 1991 budget is a useful transition from the force structure of the old to the force structure of the new. And exactly what the force structure of the new or the future will be is what we are in the process of deciding right now, both in this study and in the budget and POM deliberations that are part of the process of constructing the 1992 budget.

Senator **Glenn**. One reason this disturbs me a little bit, that you are emphasizing the principles, processes and methodologies, and that is no small job. I know that. But I had presumed all along that those things were being looked at as far as principles, processes, and methodologies all along.

What we need to do is to get down to specifics: What is the mix going to be? You do 70 percent of air refueling now, 70 or 80, whatever it is, with the reserve squadrons, and do a fine job with that, no problem.

Maybe we can do even more than that. I do not know. But it is things like that, very specific things. We do not need another new formula. We do not need another new something. We have got all sorts of guidance from people all over town.

We need decisions, because what we have to vote on here is what we are going to provide in the way of hardware for how many units. We need to know wings, we need to know battle groups, we need to know all of those things, and not just solely another study in methodology.

Mr. DUNCAN. Mr. Chairman, I think you are underestimating the value of what we are trying to accomplish and also the importance of the principles. It is not that force structure decisions have been made in a vacuum before, but we do want force structure decisions to be principled decisions that relate to evaluations of threat and to our strategy.

What we are about to accomplish, I think, is going to be much more than what has happened in the past, because if the Secretary gives clear guidance to the services about how to design their force structure, it is going to do away with a lot of the approach that—this is unfair and simplistic, but there has been a tendency in the past to simply assume that the force structure that exists is the proper force structure because that is what we had last year.

The principles that the Secretary will give to the services will permit them, in fact guide them, as they go about the work of designing their force structure in lieu of existing geopolitical realities, fiscal constraints, and so forth.

So, I think it is going to be a major improvement, I think much more substantive than you characterized it.

Senator GLENN. Mr. Duncan, on your separate statement from the House hearing that I put in the record you indicated some principles in there. You mentioned in your statement here today, too, developing neutral principles for force mix decisions.

Would you care to elaborate on those principles a little bit?

Mr. DUNCAN. There is nothing sacred about those principles at all. Those were simply my personal suggestions of the kinds of things that our Study Group needs to be looking at. They may or may not stand on their own merit.

But what we need to be doing is to develop principles that can be given to the services as they develop their force structure, as opposed to giving no guidance and then attempting to judge their work in the context of something. To the extent that we can establish standards and policy guidance from the Secretary, it will be most useful to the services for one, and also useful to the Secretary so he will be able to effectively evaluate what has been submitted during the POM process.

Those particular principles were simply some suggestions of the kinds of things I think we ought to be pursuing. We are, and we have already developed some additional ones.

Senator GLENN. Let me go back to principles, processes, and methodology. I do not want to beat this thing to death, but when you come out of that, will you come out stating, here are some things that have worked well, here are some things that have worked very poorly, we have got to make changes in these areas?

How are you going to do it? Because these are areas we have been pointing out for several years and changes have not been made to improve. Every year we hear there is a new plan, a new something,' and then that goes along for a year or two and then somebody changes hats and goes off to the field and somebody new comes in, and we hear another new plan.

Meanwhile, we have the same situation with regard to the inadequacies in some areas and superb in others. Nobody really changes them.

Will that be addressed so that we have some guidance, so we can put more air tankers into the Reserve or pull more medical out of the Reserves and put more medical in the regular Army. Will combat service support be altered where that situation has not worked out well for years?

Will you give specifics in those areas, or will you just say, they should consider such things when they make their decisions in the next POM?

Mr. **JEHN**. No, the guidance, the principles, the methodologies we have been talking about here have to be more specific than just hand-waving, saying, well, we ought to think about putting more tanker support, for example, into the Reserves than the 70 percent that is now there.

What we expect and will deliver on the study is much more detail on exactly the issues you talked about: how much and what considerations should be involved in deciding how much combat service support, combat support should be in the Reserves vice the Active components; how much tanking support; how should we divide medical support between the Active and Reserve components?

And, as I said in my opening statement, in the medical area, one of the things we must consider is not only the combat capability that dictates or that influences the mix of medical services between the Active and Reserve components, but how that affects our ability to deliver an important benefit to Active component members and retirees.

Senator **GLENN**. Well, that is part of it. Theoretically the way the reserve mix on that is set up sounds fine.

You need more medical in wartime, obviously, and so you put 80 percent of that medical into the Reserves. Okay, that is fine, except that goes unmanned in the Reserves. So if we went to war tomorrow, a good portion of that is not there, 71 percent of the doctors, 66 percent of the nurses, which we have talked about so many times at these hearings everybody already knows the figures.

So that has been going on for years. We have not done anything about it. Now, how do we take care of that, because that is a real combat necessity and yet it has not worked and it has not worked for years? Will you address things that detailed?

Mr. **JEHN**. Oh, absolutely. What the study will do and we will expect it to do is to make observations of the sort you have just made. Of course, what the study cannot do is then make sure that the decisions the services are ultimately permitted to make regarding their budgets and so on reflect all of these things.

These are ultimately decisions the Secretary is going to have to make about tradeoffs between manning in the Active force, the Reserve force, and the allocation of resources. This is not a resource allocation study.

Mr. DUNCAN. Mr. Chairman, permit me to add an observation. We have talked about this subject for 2 or 3 years, I know. Before we rush to judgment and have this Policy Study Group make broad conclusions about the issues of whether 70 percent of the Army's combat service support elements should be in the Reserve—on an assumption they should not because the Reserves are not ready—we should think about the issues.

Those combat service support elements can be made fully ready if they have the resources to be made ready. It is as simple as that. I simply do not buy for a second any argument that the fact that they happen to be in the Reserve forces has somehow made them unready.

If they are resourced properly, they can be made ready. There may be other reasons why we want to assess the percentage of combat service support forces in the Reserve elements, but it is not because of the fact that today there are some readiness challenges.

Senator GLENN. Well, I go by figures from the Pentagon on that and when they tell me that 45 percent of the combat support and combat service support units are not ready for combat, they are not rated as combat-ready, I take your word on that.

Now, are you telling me that that is not a correct figure?

Mr. DUNCAN. No, sir. I have been the one who has been rather outspoken about fixing the readiness challenges facing some of those units.

All I am saying is that those units are not unready because the combat service support function has been assigned by the Army to its Reserve component. I am saying that the Army has not properly resourced those units, and if they are properly resourced they can be made ready like other kinds of Reserve units. Much is being done today to address the resourcing problems.

Senator GLENN. Will the study make specific recommendations on force structure and force mix?

Mr. DUNCAN. I do not anticipate—and I will let Mr. Jehn speak for himself—that the study recommendations will spell out in detail to the services precisely what their force structure is going to be.

What it will do, is give them very clear guidance so that as they design their force structure, we will be able to determine how closely it follows the guidance from the Secretary. This is a process where we want the input of the services. We have to have the input of the services. This Study Group simply does not have the capability to design the force structure for all units for all services. We are not in that business at all.

But what we can do is help the services design a force structure that reflects the Secretary's guidance and a force structure that relates to current policy, current strategy, and current threat assessment.

Senator GLENN. Mr. Jehn.

Mr. **Jehn**. I would add to that simply by saying that while we do not expect the study to make detailed recommendations concerning the force structure of each service—this company ought to be in the Reserve component, that company ought to be in the Active component, and so on—I think it will make recommendations. Whether they will be accepted, of course, is another matter.

But the study will make recommendations to the Secretary concerning the overall mix and emphasis the Department ought to place on Active and Reserve components.

Senator **Glenn**. Okay.

Mr. **Jehn**. Plus providing, as Secretary Duncan said, the tools by which then the detailed proposals and budgets of the military departments can be evaluated as to the extent to which they have in fact followed that general guidance.

Senator **Glenn**. And broken down by combat function, who is going to do what and who is to be ready in 30 days and 45 days or whatever?

Mr. **Jehn**. That is right. In a general way, of course, what you are talking about is mixes of combat units, combat service support; talking about medical support; talking about tankers versus bombers and tactical fighters.

Senator **Glenn**. Well, we have to come out with specific recommendations on this or the whole study will not be worth anything.

Mr. **Jehn**. Yes, sir.

Senator **Glenn**. We are going to have to move along to the second group here, I believe. So we will conclude this for right now.

Our second group consists of the people involved with the Reserve and National Guard programs. Mr. Duncan will still be at the table here. We will have: Lt. Gen. John Conaway, National Guard Bureau, Chief of the National Guard Bureau; Maj. Gen. Donald Burdick, Director, Army National Guard; Maj. Gen. Phil Killey, Air National Guard; Maj. Gen. William Ward, Army Reserve; Rear Adm. James Taylor, Naval Reserve; Maj. Gen. Edmund Looney, Marine Corps, Assistant Chief of Staff for Manpower and Reserve Affairs; Maj. Gen. Roger Scheer, Air Force Reserve; and Rear Adm. John Faigle of the Coast Guard.

I do not know if we have everybody seated at the table there or not. I hope everybody made it.

Gentlemen, welcome this morning. As I indicated in my opening statement, we find ourselves in a major sea change as far as defense policies and priorities are concerned. I think there is no doubt among us that defense dollars are going to be much more difficult to come by and that our forces in the future will build down, instead of the customary up we have had the past few years.

That is a given, unless there is a radical change in the world situation that would take us back the other way. Right now the implications of this sea change on our Reserve and National Guard forces are uncertain. Not only is the immediate picture clouded, we have a blank as far as the future force structure and strength levels beyond 1991 are concerned.

So I am concerned that there does not appear to be a very well developed plan about how our Reserve and National Guard forces will be integrated into the total force strategy in the future. That is the reason I continued with some of the questioning here a little long this morning.

Hopefully, the Total Force Study will define the fit, because I believe we will be even more dependent upon our Reserve and National Guard in the coming years. And I would repeat that again: I believe we will be even more dependent upon our Reserve and National Guard in the coming years.

I think the more lead time we see us having in a general conflict, the more we put the functions over into the Guard and Reserve. And as you scale up in readiness or have to in a crisis situation, you start mobilizing people or you change your situation at that time.

But as long as you have what you perceive as a long lead time, there is no reason why more of these functions cannot go into the Guard and Reserve, and that is what we hope the Total Force Policy Study will define, they will define that fit, because we are going to be more dependent on Guard and Reserves.

I would be very worried about a salami slice approach that just cuts the Reserve and Guard an equal amount, everybody takes an equal percent and there we go, so nobody feels they got diddled in this process. That is not the way you get the combat capability we are going to need for whatever this threat is as we define it.

Mr. Duncan, I know you have a tough job ahead of you, and so do our other witnesses in uniform. Before we turn to questions I would like to ask, do you have any opening remarks you would like to make, and then ask the same of each of our uniformed witnesses. If any of you have written statements, they will be included in the record without objection.

Mr. DUNCAN. Mr. Chairman, I was not quite sure precisely where you wanted to go, so I submitted a 60-page statement, which can only be described as comprehensive. Maybe we should not let lawyers write these things. But in any event, I tried to anticipate all of the committee's concerns and answer them in advance.

So I stand ready to answer your questions, and I will not take any more of the committee's time with an opening statement.

Senator GLENN. All right, fine.

Any of the rest of the gentlemen have a statement?

STATEMENT OF LT. GEN. JOHN B. CONAWAY, ANG, CHIEF, NATIONAL GUARD BUREAU

General CONAWAY. Mr. Chairman, speaking on behalf of the National Guard Bureau, and the Director of the Army National Guard, and the Director of the Air National Guard, we will try to keep our opening comments to about 1 minute along with our Reserve counterparts because we want to hear your questions.

I want to thank you and this committee for the tremendous support that you have given to the National Guard in putting us where we are today as we start the decade of the nineties. The National Guard is at the highest state of readiness that we have been in our history.

We have over 575,000 men and women in over 4,000 units in 3,000 communities. The Air Guard and the Army Guard are now at their highest state of readiness. I inherited, with your approval and confirmation of my appointment by the President, the Chief of the National Guard Bureau position in February. So this is my first appearance before the U.S. Senate since you confirmed me, and I appreciate the Senate and this committee's confidence in me as well, and I hope to uphold that to see that the National Guard remains strong.

We are doing very well in all of our State emergencies. Last year was a record-breaking year in the last 20 years with the number of call-ups that we had, from the Exxon oil spill to Hurricane Hugo to the United Airlines crash in Sioux City, Iowa, to the earthquakes, to you name it, and civil disturbances as well.

We also are very heavily involved in counternarcotics, with money you have authorized and appropriated to the National Guard, with over 1,500 men and women of the National Guard out somewhere in the United States and some overseas, on a counternarcotics operations on any given day.

I was in the southern Bahama chain just 4 weeks ago where the Air National Guard Tactical Control Unit from Blue Ash, Ohio, are on a counternarcotics operation. The men and women of the Cincinnati area are doing a great job with their radars, both by sea and by air in blocking a lot of activity that is coming through.

Now, we know it is not knocking out all of the narcotics flow coming up through the Caribbean, but they are having to take an alternate route because of the deterrence that the Blue Ash, Ohio, tactical control unit is doing on a continuing basis.

Last, but not least, the nation-building exercises the National Guard is performing overseas continue at a good rate, and we hope to continue those three things: State emergencies, counternarcotics, and nation-building. I look forward to your questions. If you want to hear from my two directors, they will comply.

[The prepared statement of General Conaway follows:]

PREPARED STATEMENT BY LT. GEN. JOHN B. CONWAY
CHIEF, NATIONAL GUARD BUREAU, USAF

INTRODUCTION

Mr. Chairman and Members of the Committee, I appreciate the opportunity to appear again before Committees of the Congress, this time as Chief of the National Guard Bureau. I was appointed as Chief in February and represent more than half a million members of the Army and Air National Guard. I thank you in their behalf for your continued support which has contributed to our many successes.

The National Guard today, both Army and Air, has evolved far beyond anything our forefathers could possibly have envisioned. We are our country's oldest military institution, and we're proud, prepared, and professional. We have worked hard to achieve our goals for 353 years. We are still involved in our states' local emergencies and disasters, but we also provide this great nation with an effective, reliable, and credible military force which is capable of deterring aggression against our country or its allies. We in the National Guard constitute a sizable percentage of our nation's defense capability.

Our military leaders of today are challenged by numerous concerns, but none more demanding than to achieve more with less while, at the same time, conserving available resources. Anxiety about international military threats is justified, but we must also be cognizant of economic, political, and social issues affecting national strategy. Our leaders today continually endeavor to find new, innovative ways of improving the Guard's service to our nation and states. To plan better for the impact of military, social, and economic influences on the Guard, we have adopted a proactive systems management approach to the future. The National Guard Bureau has established a long range planning process to focus on specific, short and long term productivity improvements. The Army and Air Directorates have been closely involved in future planning and productivity enhancement for several years. The results have been significant and have enabled us to develop planning methodology consistent throughout the National Guard. Many Members of Congress have already seen the product of National Guard long range plans in their states.

STATE MISSION

The National Guard continues to respond to requests from civil authorities for military support during times of emergency. In Fiscal Year (FY) 89, more than 14,500 Army and Air National Guard personnel from 49 states and territories expended more than 150,000 workdays responding to 53 natural disasters, four civil disorders, and 192 other domestic emergencies. The Guard participated in evacuation; security; and recovery missions following tornadoes, floods, hurricanes, earthquakes, snowstorms, and other natural disasters; and provided humanitarian assistance such as conducting search and rescue operations; evacuating critically ill or injured persons; supplying emergency power, communications, and potable water to stricken communities; providing emergency shelter and temporary housing for the homeless; providing security assistance; and supporting ground and airborne fire fighting operations. The citizen-soldiers of the National Guard stand ready to continue this proud tradition into the 1990s and the 21st century.

DRUG INTERDICTION AND COUNTER DRUG ACTIVITIES

During FY 89, the National Guard Bureau (NGB) continued and expanded drug interdiction and counter drug activities in support of local, state and federal law enforcement agencies. During the fiscal year, 53 of the states, territories, possessions and the District of Columbia utilized a total of 107,348 mandays in the execution of 1,811 separate support operations. It was not uncommon to have 2000 volunteer National Guard members on duty on a given day. National Guard personnel were assigned duties that conformed, as nearly as possible, to their individual military occupational specialty. These duties included inspection of commercial cargo at land border entry points, seaports and international airports, and various aerial and ground reconnaissance/surveillance operations. The transport of law enforcement personnel and contraband, special training programs for law enforcement officers as well as National Guard personnel and numerous radar and imagery missions unique to National Guard capabilities were other support missions provided. Equipment used in these missions included various tactical ground transport and cargo vehicles, communications equipment, tactical radars, night vision devices, Army National Guard (ARNG) rotary wing aircraft (OH-6, OH-58, UH-1 and UH-60) and Army National Guard fixed wing aircraft (OV-1D, C-7, C-12 and U-21). Air National Guard (ANG) aircraft used were the RF-4C reconnaissance plane, C-12 and C-130 transports, and the KC-135 tanker.

The results of drug enforcement operations during which the National Guard provided support to local, state and federal law enforcement agencies during FY 89 were: Cash was confiscated in the amount of $1,735,745. Cultivated marijuana plants eradicated/destroyed totaled 4,076,662. Drugs seized were: processed marijuana pounds - 46,917; cocaine pounds - 10,887; heroin pounds - 39.5. Other property seized during support operations were: 95 vehicles (which includes air and watercraft), 111 weapons and 364,300 rounds of ammunition. The arrest of 859 individuals was a result of operations the National Guard supported. The street value of the drugs plus the cash confiscated reflects a net value of approximately $12 billion.

FEDERAL MISSION

As important as our service to state and local government is, we must remain ready for our principal mission which is to provide properly trained and equipped units, capable of being mobilized and conducting combat operations. U.S. vital interests are not limited by our national borders and we must continue to demonstrate resolve and the capability to protect our interests wherever they may be. For example, during "Operation Just Cause", the recent United States operation in Panama, Army and Air National Guard men and women were there. Ohio and South Dakota Air National Guard A-7s, part of the Coronet Cove rotation to Panama, flew 140 close air support sorties. Ninety-seven sorties were flown by seven Air National Guard C-130s from four Air National Guard units which airlifted 416 tons of cargo and 2,395 people; this included medical evacuation flights of injured soldiers, sailors, and airmen to medical facilities in Texas. Eighty-seven sorties consisting of movement of 931 people and 320 tons of cargo to Howard Air Force Base, Panama were flown by Mississippi Air National Guard C-141s. New York Air National Guard C-5s flew 49 sorties, airlifting 637 people and more than 1,000 tons of cargo. Also, a Military Police Company of the Missouri Army National Guard, conducting their annual training at the start of the Operation, was the only Military Police unit in Panama capable of processing Prisoners of War (POW). The Governor of Missouri approved a two week tour extension request so they could guard and process detainees. A Public Affairs Detachment of the Minnesota Army National Guard, also conducting annual training in Panama, provided support to the Southern Command (SOUTHCOM) Public Affairs Office to include coverage of the Operation and swearing in of President Endara.

DETERRENCE

In performing our federal mission, peacetime readiness, training, and education of the force remain key to our success. The policy of deterrence, or "peace through strength", has served the nation well for over four decades and will continue to serve as the cornerstone of our defense strategy. Deterrence seeks to prevent conventional and nuclear attack on our nation or its allies by demonstrating that any threat launched against the United States or its allies will be dealt with swiftly and effectively. Deterrence can only work when both friend and adversary alike believe in our capability and resolve to use force, if necessary, to protect our national and allied interests.

For deterrence to be credible, we must demonstrate our capability in highly visible locations in concert with total force operations. National Guard soldiers and airmen must be fit to fight, indoctrinated in joint-military operations, trained in peacetime to use the equipment provided, and taught to sustain themselves in hostile environments. National Guard equipment must be state-of-the-art, compatible with its active component counterparts, and technologically superior to that of our adversaries. Training must be realistic, and conducted in those places where the U.S. military could be one day called to fight. On the battlefield of the future, Guardsmen will be called to serve alongside their regular Army and Air Force counterparts--and they will be no less vulnerable to the capabilities of the enemy. Therefore, Guardsmen must be trained in peacetime for the rigors of war. In view of this, the value of Army and Air Guard participation in varied locations both here at home and overseas contributes significantly to our ability to achieve wartime objectives.

TODAY'S NATIONAL GUARD

The contemporary National Guard is quite unlike the Guard at any time in its 353 year history. The Total Force policy of the seventies came to fruition in the eighties as National Guardmembers demonstrated that when given responsibility, backed by resources and training, the Guard could meet active Army and Air Force standards. Stressing three pillars of military professionalism: modernization, education, and training, Guard units today enjoy the highest readiness ratings in peacetime history. The eighties was a time to lay the foundation for the Guard's long-term effectiveness as a viable member of the Total Force. The 1990's will be the time to build upon this demonstrated record of achievement. We in the National Guard fully recognize that our service is essential to national security and that the American people are taking notice of our contributions. Today, for the first time in peacetime history, we are receiving the resources to permit us to fulfill our wartime missions. For this we are grateful. Although there still remain many shortages, the past several years have permitted us to improve our readiness posture.

The fact remains that the security of our nation is not cheap. Although reserve forces have proven to be cost-effective, strong active forces remain essential to our defense strategy. Both active and reserve forces must be fully integrated in training, equipment and systems. I believe today's National Guard is the best trained, best equipped, most capable and professional Guard in our nation's history. To maintain this readiness and newly developed capability, it is essential that the American people support continued modernization of the Guard, enhanced training initiatives and resources to maintain equipment in "go to war" condition.

PERSONNEL

RETENTION RATES

There are those who assert that training demands are forcing our soldiers and airmen out of the Guard. To this I offer an Air Guard retention rate of 89 percent and an Army Guard retention rate of 80 percent, thus today's National Guard tops all other Reserve Components in terms of retention. Our people are staying because they are trained effectively with good equipment. They are recognized for their service and have confidence in their leaders.

END STRENGTHS

At the close of FY 89, the Air National Guard exceeded programmed end strength figures.

The added requirements and missions assigned to the Air National Guard continue to require this force to grow. In FY 89, the ANG exceeded its recruiting goal for the year when it experienced a net gain of 840 members. The actual year end strength was 116,061 against an approved end strength of 115,200. An increasing proportion of this force consists of women and minorities. In FY 89, the Air National Guard gained more than 500 women and approximately 550 minorities raising their percentage of the force to 13 percent and 15 percent respectively. Despite the Air National Guard's continued success in achieving overall membership, it continues to experience difficulty in manning a few traditionally hard to fill or critical skill vacancies, such as Aircrew Operations, Tactical Air Command and Control, Munitions, Communications, and Electronics and Computer Systems.

FY 89 ARNG assigned strength of 456,960 was 99.9 percent of the end strength objective. This record accomplishment continues the trend of unprecedented year end strengths established over the past five years. The high officer strength of 50,112 was 101.6 percent of authorized and an even greater percentage of the objective. Officer gains of 1,896 more than offset the small net loss in enlisted strength which totaled 406,848, 99.7 percent of objective. Total end strength of 456,960 reflected a net gain of 1,778 over FY 88, and 97.5 percent of authorized.

Minority strength in the ARNG did not grow in relation with overall strength and ended the fiscal year at 111,973, 24.5 percent of total. Black officers at 2,962 comprised 5.9 percent of officer strength while enlisted personnel declined by more than 800 to end at 72,129 or 17.7 percent of enlisted strength.

Female strength rose to an unprecedented high this fiscal year. The opening of additional military occupational specialties to females in the ARNG provided an opportunity to fill additional requirements with female enlistees. During the year, a record number of 4,203 were recruited. There were 3,529 female officers, 26,468 enlisted personnel totalling 29,997, 6.6 percent of ARNG assigned strength at the end of FY 89, a net increase of 3,216.

FULL-TIME SUPPORT

Full-time support personnel provide the backbone for organizing, administering, recruiting and retaining, instructing and training in the Army and Air National Guard. The full-time support program provides a cadre of full-time personnel whose objective is to enhance and maintain the overall unit readiness. The program encompasses Active Guard/Reserve (AGR) personnel, National Guard Technicians, active component soldiers and airmen assigned to the National Guard, and Departments of the Army and Air Force civilians.

Program growth is the most critical full-time support issue facing the Guard today. Continued limitations on the projected expansion of the AGR force and the National Guard technician force threaten the overall readiness of the Guard. Regrettably, this condition persists during a period of historic and uncharted changes abroad, which will likely increase our strategic reliance on the readiness of the National Guard. We are in favor of replacing the Congressionally mandated technician ceiling with a technician floor. This would permit the flexibility for technician growth consistent with changing program requirements. We also need relief on grade level restrictions on the full-time AGR program so that career progressions of quality, professional guardsmen are not unduly constrained.

For the ARNG, growth in full-time support authorizations throughout the FY 88-89 timeframe has not kept pace with increased force structure and modernization conversions. The gap between what is required to support the existing force structure and what has been resourced is widening. We can no longer afford to field new missions like Hawk battalions, Mobile Army Support Hospitals and Military Intelligence units, as we're doing in FY 90, without adequate additional resources. We require 42,974 AGRs in FY 90 and support our units with only 26,164, a 16,810 shortfall. To compensate for this shortfall, the Army National Guard redistributed AGR authorizations from one state to another to ensure some minimal manning for all units. This was a partial fix to a shortage problem which can only be resolved with additional growth. The technical expertise provided by our technician force is paramount in our maintaining the highly sophisticated weapon systems being fielded in the Guard today. The AH-64 attack helicopter and the M1 Abrams tank are examples of state-of-the-art weapon systems requiring additional technician resources. The maintenance readiness posture may be adversely affected as we accept highly technical modern equipment without a corresponding increase in full-time manning.

The FY 91 budget for the ANG includes 361 fewer technicians, and 49 fewer AGR authorizations. Two hundred and twelve of this reduction is caused by the transfer of the Special Operations Mission at Harrisburg, Pennsylvania to the U.S. Special Operations Command budget.

Increased reliance on the Guard as a cost effective partner in the Total Force has grown dramatically in recent years. Full-time support is the cornerstone program upon which the strength of the Guard is ensured. This program is well conceived, implemented, and managed. Requirements are well documented and must be supported if the Guard is to continue to accomplish its expanded missions effectively at minimal cost.

INCENTIVE PROGRAMS/ENTITLEMENTS

Incentive programs are essential to keep National Guard service attractive. The Army Selected Reserve Incentive Program (SRIP) provides enlistment bonuses that may be either a $2,000 critical skill or $1,500 unit bonus. Additionally, the program offers the retention bonus, affiliation bonus, the Student Loan Repayment Program, and the Health Professionals Loan Repayment Program. Current authority for all of these programs except the Student Loan Repayment Program expires September 1992. Continuing authority for all these programs is essential in support of our recruiting and retention requirements.

The Montgomery GI Bill (MGIB) is a most valuable entitlement and provides benefits to our soldiers and airmen who are attending undergraduate college courses. The Montgomery GI Bill is further enhanced by changes which take effect in FY 91 to include the addition of vocational-technical training, flight training, correspondence and independent study, and the ability to use the benefits for undergraduate study after receiving a baccalaureate degree. The Veterans Administration reports 64,969 ARNG members and 18,782 ANG members are receiving benefits. Our participation is continuing to increase.

In addition to the MGIB, the National Guard offers incentives in the bonus and student loan repayment programs. These programs provide cash incentives and assistance in repaying qualified, federally insured student loans to members who enlist or reenlist in identified critical skills. Active duty guardsmen can participate in educational programs such as the Community College of the Air Force, College Level Examination Program (CLEP) and Defense Activity for Non-Traditional Education Support (DANTES) testing. These programs have proven to be effective tools for recruiting members. As retention tools, these programs save the Government substantial funds by reducing training costs associated with bringing new and untrained personnel into the Guard. Entitlements and incentives promote recruitment and retention of trained and experienced members, and must be continued.

EQUIPMENT

ARMY NATIONAL GUARD

Despite the reduction of procurement programs in recent years, equipment deliveries to the ARNG rose to $2.9 billion. This value represents a significant increase over the $2.7 billion delivered in FY 88, and can be attributed to continued modernization of ARNG combat units with new and displaced Army equipment and delivery of Dedicated Procurement Program equipment. The distributed equipment included such major systems as the M1 Abrams Tank, M60A3 Tank Thermal Sight Tank, Improved TOW Vehicle (ITV), M198 Howitzer, Battery Computer System (BCS), Chaparral, Heavy Expandable Mobility Tactical Truck (HEMTT) and High Mobility Multipurpose vehicles.

Surface Equipment-On-Hand readiness has reached record high levels as a result of these deliveries and inventory management efforts. Despite these gains, however, the ARNG remains short $6.9 billion of equipment. The most critical shortages are medium and heavy tactical wheeled vehicles, tactical communications equipment, and support items such as tools, test equipment, and fuel hauling equipment.

Although the ARNG is beginning to modernize its aging helicopter fleet, we are still faced with shortages that will impact negatively on force readiness into the late 1990s. These shortages exist in attack, utility, scout and heavy lift categories.

The ARNG continues to look at innovative ways to manage shortages in the ARNG utility helicopter fleet. The vast majority of the current fleet consists of over 1,100 Vietnam era UH-1H aircraft. These aircraft are serving extensive drug enforcement support missions in addition to tactical training employment.

AIR NATIONAL GUARD

Modernization of the Air National Guard is continuing. F-16s and F-15s are replacing older tactical and air defense fighters across the Air Guard. The Air National Guard supports the Air Force plan to enhance Close Air Support/ Battlefield Air Interdiction capabilities. In the ANG's airlift force, congressionally directed C-130H procurement continues to retire the older C-130A/B aircraft. Additional C-141B strategic airlift assets are scheduled to enter the Air National Guard aircraft inventory during FY 91. The reassignment of additional KC-135 aircraft in FY 91 from the active component will provide the Air National Guard with a significant increase in capability for the air refueling tanker mission. Air National Guard modernization also includes new MH-60G aircraft at Air Rescue units and C-26A operational support aircraft at various locations.

Equipment modifications continue in every weapon system. It is imperative that these upgrades continue so that the Air National Guard combat capability can keep pace with changing missions and threats.

The obsolescence of Air National Guard combat communications and tactical control communications equipment continues to be an area of concern. About 40 percent of the equipment in these units is of early 1960's vintage which results in interoperability problems between US and allied forces. Our main objective is to upgrade all equipment from existing analog technology to state-of-the-art digital technology. However, the absence of any FY-90 monies has significantly impaired the progress our units were making in acquiring the needed equipment resulting in a decrease in readiness. The reduction of $107.1 million from the TRI-TAC program, approximately 70 percent of which is Air National Guard, has all but brought to a halt the slow modernization program that was in place. The Total Force situation becomes particularly aggravated when it is realized that about 70 percent of the Air Force's combat communications capability and 60 percent of the tactical control units are in the Air National Guard.

A major concern for the Air National Guard has been the consistent delay in obtaining spares and support equipment for the C-130H aircraft procured by congressional direction. C-130 spares and support equipment should be provisioned concurrently with aircraft procurement in order to ensure timely availability to support new aircraft missions. The resulting delays in obtaining this equipment has degraded our C-130 supportability posture. Separate funding for spares and support equipment should be provided when new aircraft are procured.

TRAINING THE NATIONAL GUARD

ARMY NATIONAL GUARD TRAINING AND EDUCATION

The multitude of training opportunities available today for our ARNG soldiers and units is key to providing realistic, mission-oriented training and improving readiness. The Professional Development Program, Key Personnel Upgrade Program (KPUP), Overseas Deployment Training (ODT), CAPSTONE, training at the National Training Center (NTC) and at the Joint Readiness Training Center (JRTC), Battle Command Training Program (BCTP) and the Joint Chiefs of Staff (JCS) exercises are vital to meeting the ARNG's mission to provide combat ready units in support of the total force and Unified Commander's missions.

RESERVE COMPONENT TRAINING STRATEGY

The Reserve Component Training Strategy provides continuous focus for improving training readiness. The Strategy follow-up efforts has produced a training development action plan which addresses 38 initiatives to enhance training in the five areas of soldier, leader and collective training, as well as training support and management. Skill Qualification Test upgrading and validation; enlisted and officer education systems; unit training aids, devices, simulations; and simulator acquisition are three significant issues. Department of the Army manages the program through semi-annual reviews and a General Officer Steering Committee to give priority focus to this important program.

KEY PERSONNEL UPGRADE PROGRAM (KPUP)

KPUP deploys soldiers to train one echelon above their current positions or at a facility with a large overall support mission. The training received during these deployments is reflected in the readiness and understanding of the soldiers as they return to their states. KPUP, a Branch/MOS enhancing program, strives to link soldiers to units within their CAPSTONE Trace, fostering the Total Army policy. Since 1981, approximately 37,000 ARNG soldiers have deployed to 92 locations within CONUS and trained in 27 countries supporting humanitarian and mobilization training.

OVERSEAS DEPLOYMENT TRAINING (ODT)

ODT provides Army National Guard (ARNG) units and unit cells the invaluable opportunity to train in their wartime theater of operations under their CAPSTONE gaining command. In addition to honing their warfighting skills, ODT participants familiarize themselves with their assigned area of operations and learn the operating procedures of their CAPSTONE affiliate. ODT also serves as an excellent mobilization planning and execution exercise for ARNG units. In FY

90, 23,000 Guardsmen are scheduled for ODT with about 25,000 programmed in FY 91.

THE NATIONAL TRAINING CENTER (NTC)

The NTC is the Army's premiere collective training center. It provides the most realistic mid to high intensity combat environment available in peacetime. Since 1983, twelve Army National Guard roundout battalions have trained at the NTC. Current schedules call for four battalions in FY 90 and FY 91, and two battalions in FY 92. In addition, the ARNG takes advantage of the excellent training opportunity provided by the opposing forces at the NTC. For this mission the ARNG will provide fourteen companies in FY 90 and ten companies in FY 91.

THE JOINT READINESS TRAINING CENTER (JRTC)

The JRTC is the combat training center for low to mid intensity conflict, with primary emphasis on the Army's light, airborne, ranger, air assault, and conventional infantry forces. In 1989 two ARNG battalions participated in JRTC exercises. There is a single battalion rotation in FY 90 and two battalion rotations in FY 91. In addition, the ARNG takes advantage of the excellent training opportunity provided by the opposing forces at the JRTC. For this mission the ARNG will provide 2 companies in FY 90.

JOINT CHIEFS OF STAFF (JCS) EXERCISES

JCS exercises provide ARNG units the opportunity to train in a wartime like environment alongside elements of the Army, Navy, Air Force, and Marines. They allow the ARNG to showcase itself as a viable, effective fighting force in front of the other services. Participating soldiers improve their warfighting skills in a pressure-packed environment. JCS Exercises give ARNG leaders the chance to conduct mobilization planning and execution, and to evaluate unit war plan development and operating procedures. CAPSTONE associations are strengthened, and participating units familiarize themselves with their wartime missions and CAPSTONE theater of operations. JCS exercises allow all ARNG elements, combat, support, and combat service support to work together as they would in wartime. Currently 16 JCS exercises are scheduled for FY 90 and 16 for FY 91.

SPECIAL OPERATIONS FORCES (SOF)

In support of the Goldwater-Nichols Department of Defense Reorganization Act of 1986, the National Guard Bureau continues to emphasize revitalization of Army National Guard (ARNG) SOF. An ARNG SOF General Officer Steering Committee was formed and met for the first time in FY 89 to address improvements in the force. In FY 90, the ARNG plans to form an ARNG Special Forces (SF) MOS Qualification Task Force to address initiatives directed at improving the overall MOS qualification in ARNG SF units. Since activation of the Army Special Operations Command as a major command, the ARNG has been represented by an ARNG Major General in the position of Deputy Commanding General. Two ARNG Special Forces Groups and one Special Operations Aviation Battalion continue to participate in training during worldwide deployments in support of theater CINCs.

THE BATTLE COMMAND TRAINING PROGRAM (BCTP)

BCTP is a command post exercise that has been developed to fulfill the training needs of Corps and Division commanders and their staffs without the need for an entire Division participating in field exercises. This program develops and tests expertise at the operational level of war, command and control, decision-making, and effective staff procedures. It trains to tough, combat performance standards, thereby improving commander and staff combat readiness.

AVIATION TRAINING

The ARNG has two centralized Army Aviation Training Sites (AATS) which provide training of aviation skills unique to the ARNG. These sites, the Eastern and Western AATS, are located in Pennsylvania and Arizona, respectively.

In 1978, the ARNG began developing the concept of centralized ARNG AATS. The concept was based on an assumption that Active Component capabilities would be constrained in the 1980's and beyond. Experience through the mid-1980's has proven that assumption to be valid. The concept has been successfully implemented in both the Eastern and Western AATS.

The Eastern AATS is entering its' seventh year of training operations in FY 90 focusing on individual aviator qualification training in utility and cargo rotary aircraft as well as selected fixed wing aircraft. The Western AATS begins its' third year of "limited" operations in FY 90 concentrating on attack and aeroscout rotary wing training. During FY 89, the AATS program trained 1,069 students, a number which will be equalled in FYs 90 and 91. Nearly 11,000 flying hours were executed in support of the student training during FY 89. Over 12,000 flying hours are programmed to support training activities during FY 90.

The Eastern AATS operates a regional UH-1H synthetic flight training system supporting Active Component, Army Reserve and Army National Guard aviators on a regional basis. Both training sites operate an AH1 (Cobra) Flight Weapons Simulator (AH-1 FWS) on a regional support basis. Over 28,000 hours of creditable aircrew flying hours were accomplished in these simulators during FY 89. That accomplishment will be surpassed as displaced AH-1 aircraft are fielded in ARNG units in FYs 90 and 91.

As resources become more constrained in FYs 90 and 91, the role of these training sites will become of greater importance. More emphasis on resource intensive training will occur to minimize the impact of possible reductions in flying hours, training time and limited availability of aviation compatible training areas in metropolitan areas. The ability of the AATS program to meet this role will be limited without the necessary full-time AGR personnel. The training capability of the Western AATS is currently constrained due to limitations on personnel growth. Moreover, the premobilization preparation of both sites to expand the Army's aviation training base upon mobilization will be adversely affected. These training sites serve as "survival kits" for ARNG aviation and provide a pressure relief valve for the States so that unit level training missions can be accommodated at home station in the traditional guardsman role. Overall, ARNG aviator training will be improved and unit readiness will be enhanced by these training sites.

In FY 91 the ARNG will field two new generation UH-1 Flight Simulators to support ARNG aviation training requirements. The two cockpit device will be located at ARNG sites in Los Alamitos, California and Peoria, Illinois and provide regional support to Active Army, ARNG and Army Reserve aviators. The new devices are the result of a Grumman Electronics Contract for development of a prototype simulator based on new computer software language. This effort is the forerunner that will allow replacement of existing mainline computers, as well as split-out and redistribution of UH-1 simulator cockpits. Military construction for facilities to accommodate these simulators will be completed in late FY 90.

In FY 88, the first ARNG Apache Attack Helicopter Battalion in North Carolina was certified combat ready. In FY 89, a second ARNG Apache Attack Helicopter Battalion in South Carolina began training at home station and will deploy to Fort Hood for combat certification in FY 90. Battalions in both Florida and Utah begin home station training in FY 90. A unique feature of the Apache Battalions is that each requires 36 unit members to provide full-time support; however, with continued constrained growth in full-time manning, the aggregate shortage for the four Apache battalions will be 72 full-time personnel by FY 91.

The ARNG has established mandatory Night Vision Goggle (NVG) qualification for all ARNG helicopter pilots. All pilots are now NVG qualified during initial flight training at Fort Rucker, Alabama. In addition, NVG mission training in unit tactical tasks was mandated for specific positions identified by the unit commanders. More than 80 percent of all ARNG aviators are now NVG qualified, with more than 30 percent mission trained. The goal of the ARNG is to have 100 percent of our pilots NVG mission trained.

TRAINING SUPPORT

Limited training time, unit dispersion, constrained space for maneuvering units and for gunnery ranges create unique training problems for the ARNG. Many of these problems can be overcome through the innovative use of training devices, simulators, simulations, and a comprehensive development program for local training areas. Currently the ARNG is working with states such as Ohio, Maine, Kentucky and Nevada to provide land at no cost for unit maneuvers.

TRAINING SYSTEMS

To date, 5,300 Electronic Information Delivery Systems (EIDS) are being fielded along with 6,400 hours of courseware under development. EIDS is an interactive learning system with which individuals and small units will be able to learn and sustain military occupational job skills. The ARNG has continued fielding of the Multiple Integrated Laser Engagement System (MILES). Currently the ARNG has fielded three platoon sets per battalion and squadron.

The Guard Unit Armory Device, Fullcrew Interactive Simulations Trainer (GUARDFIST I) for M-1 Tank crews has reached the prototype stage with 10 devices being prepared for testing during FY 90. GUARDFIST II, a fire observatory trainer, continues under development with prototypes also scheduled for FY 90.

A Squad Engagement System (SETS) prototype currently being tested will provide for infantry training on fire control, fire distribution and junior leader training in an indoor environment. Precision Gunnery Training Systems (PGTS) for TOW and DRAGON antimissle systems, when fielded, will allow gunnery training indoors or outdoors at home stations.

REGIONAL TRAINING SITES

The Regional Training Site - Maintenance (RTS-MAINT) program provides centralized, regional hands-on training on current and force modernization systems. Individual transition level training and additional skill identifier (ASI) on force modernization equipment and sustainment training for designated military occupational specialities (MOS) is provided.

The Army National Guard has proponency for thirteen RTS-MAINT sites. Training programs have already been initiated at Fort Bragg, North Carolina; Camp Shelby, Mississippi; Fort Dix, New Jersey; Camp Dodge, Iowa; Camp Blanding, Florida; Camp Roberts, California; and Camp Custer, Michigan. RTS-MAINT sites are scheduled for activation at Camp Ripley, Minnesota; Gowen Field, Idaho; Nickell Barracks, Kansas; Fort Stewart, Georgia and Jefferson City, Missouri in early FY 90. In FY 91 the final site is scheduled for Pearl City, Hawaii.

The New Jersey National Guard High Technology Training Center (NJHTTC), provides a training environment to conduct individual, small unit, and battle staff training using simulations, training devices and equipment end-items, so as to enhance proficiency in the weapons systems of the Army of Excellence, and the tactics applicable to the Airland Battle. The HTTC provides training seven days per week; twelve months of the year to personnel from throughout the East Coast including ARNG, USAR, USAF, Active Army, Marine Corps and Coast Guard as well as a host of civilian agencies. The NJHTTC includes a Regional Training Site - Maintenance (RTS-MAINT), a High Technology Training Center, a Training Technology Field Activity (TTFA), and a Range Training Support Activity (RTSA).

The Army National Guard has two Regional Training Sites-Medical (RTS-MED), one at Camp Shelby, Mississippi and one at Fort Indiantown Gap, Pennsylvania. These sites provide medical units with transition training on modernized medical equipment such as Deployable Medical Systems (DEPMEDS), sustainment training, and will have a prepared mission to provide emergency medical support to disaster areas. DEPMEDS training to Reserve Component units is of paramount importance as 70 percent of the Army's field medical support lies with RC units which will be trained at RTS-MEDS.

The Deployable Medical Systems (DEPMEDS) provides a functional modular system that serves as the building blocks for field hospitals to form complete operating rooms, laboratories, medical treatment clinics and ancillary services. DEPMEDS is housed in a Tent, Extendable, Modular, Personnel (TEMPER) and in International Standards Organization (ISO) shelters. These units are designed to be used in a variety of configurations to provide shelter and functional work areas for field medical support.

SPECIAL TRAINING SITES

Since 1986 the ARNG has trained at a fully operational and provisioned "warm base" European Aviation Classification and Repair Activity Depot (AVCRAD) facility at Brussels, Belgium. This facility is manned by AGR and contractor personnel and will be used for the 1107th Missouri AVCRAD to deploy to upon mobilization. Currently, aviation maintenance personnel from the California, Connecticut and Missouri AVCRADS conduct Overseas Deployment Training at this site to enhance peacetime readiness.

In FY 89 the ARNG assumed management of a ground maintenance facility at the General Support Center, Kaiserslautern, Germany. Staffing consists of ARNG, USAR and Active Army personnel. This facility conducts maintenance on U.S. Army Europe (USAREUR) equipment plus serves as a "hands on" training center for ARNG maintenance units. This Reserve Component Maintenance Training Facility enhances both USAREUR peacetime equipment readiness and the training readiness of ARNG Combat Service Support maintenance units.

TRAINING AREAS AND RANGES

The ARNG Range Modernization Program supports units by providing up-to-date weapons firing facilities and training areas close to their home station. The program is oriented to improve readiness by providing ranges for individual and crew qualification. It is also geared to cost-savings by developing, acquiring, and upgrading training areas which maximize training time while reducing operating costs. The range modernization program received over $17 million in FY 89 and is projected to increase to approximately $65 million for FY 90 through FY 92.

The initiatives support the development of training facilities and land to provide individual and collective training for all ARNG units at 71 ARNG Major Training Areas. Without these programs, ARNG units would spend valuable training time and funds traveling to and from distant active component training sites. Improvement of these areas with such facilities as computerized targets systems, modernized barracks, and educational buildings allows training to current Army standards required for mobilization.

MOBILIZATION TRAINING

The Army National Guard Mobilization and Deployment Exercise Program continued to receive emphasis as an essential element of verifying a units mission capability during FY 89. These exercises are progressive in nature and increasingly challenge the participants to realistically evaluate mobilization plans and execution requirements.

The ARNG Mobilization Exercise Program consists of four exercises designed to address all phases of the mobilization process. Three of these, the State Areas Command Exercise (STARCEX), the Mobilization and Deployment Readiness Exercise (MODRE), and the Readiness for Mobilization Exercise (REMOBE), are executed as comprehensive evaluations of unit mobilization plans, administrative procedures and personnel assigned.

The fourth, the Emergency Mobilization and Deployment Exercise (EMDREX), is an exercise designed to test the ability of selected high priority ARNG units to respond, prepare and depart for the mobilization station within 72 hours of federalization. This has become the cornerstone of the ARNG exercise program to insure that the first to mobilize achieve and sustain the required high level of preparedness.

The number of exercises conducted has increased since FY 84 from 400 exercises to over 900 in FY 89, while exercise funding has remained constant at about $12 million. This growth has been achieved by encouraging conduct of exercises in conjunction with inactive duty training periods and other mobilization related training events, rather than as separately funded exercises. The ARNG Exercise program growth has now leveled. Further expansion in the program, and the associated increase in ARNG mobilization preparedness, will be dependent upon additional funding.

In FY 89 the ARNG initiated a program to improve both the mobilization preparedness and readiness of selected high priority ARNG units. This program is specifically designed to improve the readiness of these units through equipment redistribution, recruiting and retention incentives and exercise training opportunities. These exercises test all phases of the mobilization process to include commercial loadout of unit equipment, movement to the mobilization station and an initial assessment of the units deployability.

FY 90 will see continued emphasis on exercising high priority force package units as well as improving the quality of exercises conducted. With the leveling off of funding, quality exercises are the only avenue for ensuring maximum results from time and dollars expended. Currently, as a result of budget constraints, exercise schedules have been curtailed to the point where lower priority units are unable to conduct all exercises required by regulation to meet minimum proficiency. FY 90-91 is an especially critical period, as the Headquarters, Department of the Army, CALL FORWARD series of exercises begins. It is essential that the ARNG be adequately funded to ensure full participation in this series. As the U.S. Army draws down, there will be continued reliance upon the mobilization capabilities of the ARNG, and the only way to assure this capability is through a fully funded, fully executed Mobilization Exercise Program.

CAREER DEVELOPMENT (PROFESSIONAL DEVELOPMENT PROGRAM)

The Army's ability to field a combat-ready force requires the development of leaders who can, on short notice, deploy, fight, and win. Army National Guard soldiers continue to receive training in resident courses on the latest tactics, doctrine and systems, thus reinforcing Military Occupational Specialty (MOS) skills and leadership abilities. The Noncommissioned Officer Education System (NCOES) is our primary means of meeting these requirements.

Effective October 1, 1987, the Reserve Component Noncommissioned Officer Education System (RC-NCOES) was revised to include Military Occupational Specialty (MOS) specific tasks as well as leadership training and battlefield survival skills. RC-NCOES now consists of three levels of career development training. These levels and the corresponding courses at each level are the primary level - the Basic Noncommissioned Officer Course (BNCOC), the advanced level - the Advanced Noncommissioned Officer Course (ANCOC), and the senior level - the United States Army Sergeants Major Course (SMC). The BNCOC and ANCOC have been developed for presentation in two phases (Phase I and Phase II). Phase I training consists of common leader training and the Phase II provides the MOS-specific training.

ARNG and United States Army Reserve Forces (USARF) Schools trained 24,000 ~~soldiers in PLDC, Phase I of BNCOC, and Phase I of ANCOC in fiscal year 1989.~~ The total number of soldiers requiring training is expected to increase somewhat for the next three years as implementation of Phase II, MOS-specific courses begins.

The Operations and Training Division is currently developing a plan to implement the Phase II, MOS-specific training. The Majority of courseware is projected to be completed during FY 90, and barring budget constraints the program should be on-line in FY 91.

Additionally, soldiers continue to be trained at the Reserve Component Tank Commanders Course (RCTCC). This course prepares ARNG NCOs and officers for the duty position of tank commanders in a tank armor company or Cavalry troop. Attendees programmed to attend through FY 91 remain consistent with the number of soldiers trained in FY 89. Expanded training will be provided to include the M60A3 and M1 Abrams Tanks beginning in FY 90.

The ARNG NCO Battle Skills Course (BSC) was developed to sustain combat skills. BSC provides training in the technical and tactical employment of infantry squad, platoon weapons, live fire exercises, and the use of supporting battlefield survival techniques. The National Guard trained 526 soldiers during FY 89, and FY 90 and 91 objectives are similar.

The Professional Development Program began on May 1, 1984. This is an aggressive program to train the AGR workforce to the same standards as their active component counterparts. Military technicians were included in the program on March 7, 1985. Although several modifications have been made to the enlisted military technician requirements, the program remains viable. Full-time support personnel are a valuable, integral element of the unit they support. They are instrumental in developing improved unit readiness, quicker deployability, and leadership in their units. Participation in the program ensures the Army National Guard full-time force will continue to provide the elements of competency expected of a professional soldier and assures continued improved readiness throughout the Army Guard.

SAFETY

In FY 89, the ARNG Safety and Occupational Health Program made significant strides in accident prevention. Overall Class A through C ground accidents were down by 30 percent, fatalities were down by 16 percent, privately owned vehicle (POV) accidents were 7 percent less when compared to FY 88 totals. The aviation

Class A accident rate was 2.20 per 100,000 flying hours with the Class A through C rate being 7.56, as contrasted to 2.09 and 8.03 Army-wide, respectively. Significant accident reductions in ground and POV incidents were the direct result of specially targeted campaigns aimed at key task errors. The ARNG implemented the Hazard Communications Program in accordance with Public Law and DoD policy, thereby successfully fulfilling the employee "right to know" mandate. Future accident reduction initiatives will further improve combat readiness by avoiding the cost of needless accidents.

AIR NATIONAL GUARD TRAINING AND EDUCATION

The Air National Guard continues to maintain its high level of combat readiness while preparing for the challenges of the 1990s through its training and education initiatives. Air Force formal technical training schools, in conjunction with unit-level on-the-job training programs, provide Guard members with the skills necessary to perform their wartime taskings as an equal partner in the Total Force.

The Air National Guard is now testing innovative new training approaches, such as the Consolidated Training Office Concept and the Total Training Management System, which will improve the quality of training while making the most cost-effective use of available resources. These programs will provide for skill development of ANG members through combinations of formal training and practical experience which will qualify them to perform more effectively in their duty positions in the coming years.

In conjunction with these technical training programs, formal education programs, both military and civilian, will provide ANG members with the management, leadership, and technical skills necessary to take us into the next decade. Our education programs will allow us to meet the challenges of dwindling resources, changes in the perceived threat, increasingly sophisticated systems, and a decreasing pool of qualified potential enlistees.

As one way of meeting these future challenges, the Air National Guard has embarked on a program to expand the opportunities for professional military education for its noncommissioned officers through increased in-residence attendance at the Senior NCO Academy, NCO Academies, NCO Leadership Schools, and NCO Preparatory Courses. In addition, our educational opportunities and programs continue to make a significant contribution in the broad areas of recruiting, retention and morale. Since every facet of our society places an increasing emphasis on formal education, our education programs, both military and civilian, often enhance our members civilian skills as well as their military skills, thus benefiting society as a whole.

Because of our members' dual roles as citizen-airmen, our members occasionally find it difficult to attend training programs on a full-time basis. The Air National Guard has therefore developed several short courses of one to two weeks duration which are designed to increase Guardsmen's skills in their military specialties as well as in the broad areas of leadership, management, and systems.

With the increasing defense role we anticipate the ANG to assume over the coming decade, we believe it is imperative to continue providing the military personnel resources (currently costing approximately $60 million annually) necessary to pay for these school days. These programs not only meet the needs of the Air National Guard and its members, they also ensure that a ready, cost-effective force will be available to meet any contingency.

The Air National Guard is currently undergoing several upgrades in the quality of simulator assets for our Tactical Fighter forces. The F-16 simulator program has developed with emphasis placed on the Replacement Training Units (RTUs) at Tucson, Arizona, McConnell Air Force Base, Kansas, and Kingsley Field, Oregon. Cost and the heavy demand of the ANG RTUs has driven the placement of these advanced assets at the locations where the training aircrew can derive the most benefit. Due to the advances in technology, much of the operational unit training can be accomplished by using training devices that are cost effective and less manpower and maintenance intensive. As a result, older generation simulators are being upgraded or phased out of the inventory. The Cockpit Procedures Trainer (CPT) programmed for all the F-16 Air Defense Fighter (ADF) units is just one example of this. Another is the Part Task Trainer (PTT) that is now in procurement for our General Purpose F-16 units and our F-15 units. The PTT will allow our traditional Air National Guard pilots to improve and refresh essential skills required by today's technologically complex aircraft. Both the CPT and PTT will significantly improve the quality of aircrew training at the unit level and greatly reduce the financial costs of that training. While the ANG is moving toward fewer simulators in the tactical fighter units, the acquisition of high quality CPTs and PTTs will continue to allow the force to receive the highest quality training available.

The ANG operates four old C-130 simulators at different locations throughout the U.S. which train our aircrews from 19 tactical airlift units. These simulators support over 450 aircrews in annual refresher programs. Working together with Headquarters, Air Force Reserve (AFRES) and Headquarters, Military Airlift Command (MAC), the ANG has negotiated the transfer of a state-of-the-art C-130 Weapons System Trainer (WST) from MAC. The WST will be used to support a Guard and Reserve western training center at Minneapolis/St. Paul Airport and will train approximately 400 aircrews annually. This trainer along with an eastern training center, will ultimately train over 800 Guard and Reserve Component aircrews. In addition to the C-130 simulator training, the ANG contracts for civilian commercial simulator training for the KC-135 and mission support aircraft aircrews. These civilian contractors provide a safe, cost-effective means of training aircrews when no military capability exists.

The Air National Guard made substantial gains in the area of medical readiness capability during FY 89. Some of the more significant advances were made in the completion of medical readiness training. The placement of the Survivable Collective Protection System - Medical (SCPS-M) was completed at the Combat Readiness Training Center located at the Phelps Collins Air National Guard Base, Alpena, Michigan. This SCPS-M medical training facility allows the Air National Guard medical units, deploying to Alpena for annual training, to accomplish all aspects of continuing medical readiness training. Previously, this type of training has been the responsibility of the active force to instruct. This capability, now in place at Alpena, will be offered to Air Force Reserve medical units with mobilization tasking and will be made available to the active force should the need arise.

The opportunity to participate in medical readiness training exercises worldwide was extended to several ANG medical and aeromedical evacuation units. Medical exercise involvement offers excellent opportunities to sharpen wartime medical skills.

As a full partner in the Total Force, the Air National Guard is an active participant in overseas deployments, joint training exercises and a wide range of Air Force and ANG sponsored Composite Force Training exercises. Participation in overseas deployments enables entire units to integrate into wartime-tasked theater operations throughout the world. Multi-unit deployments can reduce per unit deployment costs and are used whenever tasking permits. Joint training exercises improve readiness through the development of multi-unit, multi-mission tactics and have greatly increased the combat capability of ANG units.

ANG Fighter, Reconnaissance, Interceptor and Tactical Air Support units deploy to overseas locations under Tactical Air Command's Checkered Flag deployments program and in support of theater exercises. Theater exercises such as Display Determination, Dragon Hammer and Bright Star provide realistic, high threat scenario training by accomplishing predetermined exercise objectives and goals. Small scale overseas deployments such as Creek Corsair and Creek Thunderbolt permit advanced theater employment training for ANG aircrews in the Central European area.

Composite Force Training exercises are sponsored by the Air Force, the Air National Guard, Combat Readiness Training Centers (CRTCs) and individual units and occur throughout the year. These intensive, cost-effective activities continually upgrade the combat capabilities of ANG flying and support units. These exercises provide realistic training across the complete spectrum of ANG missions; their regional nature makes them ideal for participation by deployed or home station units. The ANG provides support for Army training, both active and reserve components, through the ANG Exercises and Deployments Program. Exercises such as those conducted at the National Training Center at Fort Irwin, California, the Joint Readiness Training Center at Fort Chaffee, Arkansas and Apache Helicopter training at Fort Hood, Texas, provide excellent joint force training to Army and Air National Guard units while expanding and refining joint tactics.

ANG KC-135 units support Strategic Air Command day to day alert and operational requirements worldwide in addition to training to meet wartime requirements. The KC-135 units deploy in support of U.S. Air Forces, Europe and Pacific Air Forces air refueling requirements. The goal of the ANG in these operations is to combine the highest quality air refueling support of European and Pacific tactical forces with intensive training in Europe and Pacific theater tactics for its aircrews and supporting personnel. Conventional task units are deploying to overseas training locations on a three year cycle.

There is considerable emphasis within the Federal Aviation Administration and the Department of Defense to better manage the airspace used by the military. Airspace is a precious national resource which must be shared by numerous users with diverse needs. Environmental factors must be thoroughly assessed and negative impacts minimized. As a result, the process of managing airspace is growing more complex.

The Air National Guard has begun development of a Long Range Airspace Plan. Proposals for new airspace and modifications to existing airspace are being developed to meet the needs of new weapon systems and missions. Fully coordinated with appropriate state agencies, the FAA, major command airspace managers, and the Air Staff, the process includes initiatives to improve scheduling effectiveness and a pro-active approach to solving environmental issues.

The Air National Guard currently operates one Air Combat Maneuvering Instrumentation (ACMI) range, and fifteen air-toground gunnery ranges. ACMI capability will soon be available at three additional ANG locations. The Air National Guard recently completed an ANG Master Range Plan that focused on our current range capabilities and current/projected user requirements. All ANG Fighter, Attack, and Reconnaissance units were surveyed to further identify the ANG's most pressing long range air-to-ground and air-to-air training range requirements. The ANG report identified needed improvement areas for existing ranges, and evaluated/prioritized several initiatives to construct new air-to-ground ranges. The Air National Guard is now working the process to implement the recommendations of this in-depth study.

The Air National Guard conducts officer and enlisted aircrew flying training through a combination of active Air Force, ANG, AFRES, and home station training programs. Fighter programs are conducted in F-16, A-7, RF-4 and F-4 aircraft at ANG schools. F-15 and A-10 programs are conducted using active USAF and AFRES schools. OA-37 training is conducted with ANG home station assets. Airlift programs are conducted at ANG and active USAF facilities, while formal tanker training relies solely on active USAF assets.

ANG schools located at McConnell Air Force Base, Kansas and Tucson, Arizona conduct F-16A training programs for ANG and AFRES students. Beginning in FY 90, the ANG will begin an innovative program of training Royal Netherlands Air Force pilots at the facility in Tucson. McConnell will phase out the remainder of ANG F-4 training during this fiscal year. Boise, Idaho remains in the RF-4 training business with the important new role of training active USAF aircrews beginning in the second half of FY 90. Air Defense training is conducted at the ANG school located at Kingsley Field, Oregon. F-16 pilots bound for the Air Defense version of the F-16A may receive training at the ANG schools in Tucson and

McConnell until the current conversion schedule allows Kingsley to absorb the entire load of Air Defense training. A-7 training takes place at Tucson, Arizona. Tucson will retain the task of training both F-16 and A-7 pilots until the A-7 leaves the inventory.

The ANG conducts advanced tactical airlift training at the Advanced Airlift Tactical Training Center (AATTC), St. Joseph, Missouri. AATTC trains ANG, reserve, active duty, Marine, and foreign military crews in advanced combat tactics. Attendance at this school is highly sought by all potential users. The ANG also conducts C-130 initial qualification flight training at the 189th Tactical Air Group, Little Rock Air Force Base, Arkansas. The 189th receives students from across the spectrum of those completing academic and simulator training in the active duty school at Little Rock, Arkansas.

Each year, ANG communications personnel from joint communications support squadrons, combat communications groups, communications flights and engineering installation squadrons participate in numerous exercises around the world. During FY 89, over 2,000 communicators participated in over 20 exercises in the Pacific, Caribbean, South America, Middle East and European theaters. These exercises, conducted under a wide variety of circumstances and conditions, ensure our communications personnel are ready to meet their wartime commitments.

ANG C-130 units deploy overseas for exercise participation, scheduled rotations, Special Assignment Airlift Missions (SAAM), airlift in support of Guard unit deployments, USAF airlift augmentation missions and under the Volant Partner deployments program. In FY 89, four different units participated in Europe through JCS exercises and European augmentations. Also, four units participated in the Pacific Theater. All twenty ANG C-130 units can also expect to provide airlift for overseas deployment, employment and redeployment of other DOD personnel and materials throughout the year. Finally, Air National Guard C-130s rotate to Howard Air Force Base, Panama, in support of Southern Command forces.

The 27 ANG tactical control units are all worldwide wartime tasked. In order to successfully interface with other U.S. and allied existing tactical radar assets, it is vital that we deploy our units to various theater training locations. ANG tactical control units are also playing an increasing role in the Drug Interdiction program.

In addition to the Tactical Airlift C-130 units within the Air National Guard, the 193rd Special Operations Group at Harrisburg, Pennsylvania operates the EC-130E aircraft. This is the only special operations unit in the ANG. This unit participates in over thirteen scheduled exercises annually and in contingency deployments worldwide.

The ANG provides combat and peacetime rescue coverage with two active rescue units. Capabilities include worldwide deployment and theater search and rescue. Units currently deploy aircraft to the Pacific and European theaters to participate in alert missions at Keflavik, Iceland and to perform air refueling training with active duty rescue units throughout both theaters. A third Air Rescue unit will activate in Alaska in April 1990. This unit will take over the responsibility for search and rescue within the Alaskan theater when the current active duty unit deactivates.

The ANG unit at Schenectady, New York provides airlift support to the U.S. Navy Space and Warfare Systems Command's activities on the sea ice north of Greenland and to National Science Foundation sponsored American and European scientific camps on the Greenland icecap. This unit possesses a unique national resource as it has four of eleven snow ski-equipped C-130 aircraft in the Department of Defense. Additionally, the unit provides an extreme cold weather airlift capability throughout the Arctic and also has become increasingly involved in assisting the National Science Foundation in Antarctica by working with the U.S. Navy and providing airlift in support of the United States Antarctic program.

ANG Strategic airlifters support worldwide Military Airlift Command (MAC) requirements throughout the year. C-141 Starlifters and C-5 Galaxy aircraft support MAC by hauling routine and contingency cargo requirements. This support includes missions flown in JCS exercises, Special Assignment Airlift Missions, and on channel missions. These aircraft also provide invaluable support to Army and Air Guard units deploying to training locations throughout the world.

ANG assets are continually requested for exercise participation. The factors of funding constraints, workdays allocation, personnel availability, and airlift limit the exercise program to its current level of participation for the foreseeable future.

MOBILIZATION AND READINESS

The Army National Guard resource and training levels improved overall by 2.43 percent in FY 89. This increase is attributed to a 5 percent improvement in equipment on hand and a 4 percent improvement in equipment condition. Continued use of the Equipment Analysis Program, Dedicated Procurement Program, and intensive management of ARNG units and assets have been key elements in these equipment resource area improvements. However, due to funding constraints, overall improvements in the ARNG during FY 89 were not as significant as the 22 percent improvement achieved between FY 86/FY 89.

Due to shifting demographics, personnel category levels had a slight fluctuation during the past fiscal year, but by the October 1989 Unit Status Report, there was 1.27 percent improvement in personnel. To offset any negative demographic trend, NGB has taken aggressive action to manage sustainment of the current force structure, which includes considerations for restationing units to States that can better support force structure with personnel. Additionally, increased emphasis has been placed on maximizing unit training and enhancing training levels which are critical to maintaining the Army National Guard's force capability within the Total Army.

Based on these initiatives, the Director, Army National Guard has set specific mobilization readiness objectives for resourcing high priority units, reinforcing the "first to fight, first to be resourced" concept. Bringing all units in a C4 or C5 status to a C3 status on projected dates will require increases in ARNG resources and training levels for these units.

Overall, the ARNG is in a better posture than in any previous period; however, with slowing of force modernization, sustainment and continued improvements in the ARNG readiness posture requires emphasis on acquiring additional resources from Headquarters, Department of the Army and Congress.

NGB MANAGEMENT/UNITED STATES PROPERTY AND FISCAL OFFICES (USPFO)

The Army and Air National Guard budget for 1989 exceeded eight and one half billion dollars exclusive of major items of equipment, which are acquired by the Guard through Army and Air Force acquisition procedures. The Chief, National Guard Bureau exercises his responsibility for management of federal resources and accounting for Federal funds provided to State National Guards through a United States Property and Fiscal Officer (USPFO) located in each state and territory. USPFOs account for an Army and Air Guard equipment inventory valued at over $51,800,000,000 and a facilities inventory valued at approximately $20,800,000,000. The National Guard executes contracting actions involving in excess of $787,137,000 of Federal funds. The majority of these actions involve contracts of $25,000 or less but the bulk of the dollars are represented by a relatively smaller number of large Architectural/Engineering and construction contracts. During FY 89 the National Guard Bureau took on a modernization and upgrade of its in-house procurement workforce and continues in FY 90 to pursue more efficient and effective procurement offices throughout the 54 states and territories. This modernization has allowed the National Guard to achieve success in providing opportunities to small, disadvantaged and minority businesses while still maintaining an extremely high level of competition:

NGB '89 RECORD

	DOD GOALS	ATTAINED GOALS
Small Business Set-Aside	52.7%	58.1%
Small Disadvantaged Business Prime Contracting (8(a)) and Direct)	6.3%	7.7%
Women-Owned Small Business	$9.M	$9.6M
Contract Competition Goal	91%	95.9%

USPFOs are routinely inspected by auditors and Army Inspectors General with highly commendable results. The over 570,000 Army and Air Guardsmen are paid and supported through the exceptional performance of our USPFOs and their professional staffs. This unique federal/state relationship is an example of efficient management of a large and dynamic organization in a cost effective manner. However, the National Guard Bureau is concerned about the ability of the USPFOs to meet their responsibilities when current personnel resources only permit a nationwide average manning of less than 85 percent of requirements and at the same time National Guard roles and missions continue to expand. In addition, because of low federal pay scales, in some geographical areas it has become virtually impossible to retain employees who are trained, skilled and experienced in those functions essential to USPFO responsibilities.

FACILITIES

With significant Army National Guard force structure changes over the past 10 years as well as increased wartime missions, modernization of supporting facilities becomes a vital part of total readiness. Policies developed to provide adequate and functional facilities and infrastructure must, at a minimum, maintain the existing inventory and invest in a logical and prudent revitalization construction program. Through such revitalization efforts, the statement is also being made to the State and local communities as well as to our Guard members that the Army recognizes a commitment to the citizen-soldier by investing in modern facilities where they work and train. In return, such investments have high paybacks in improved morale, productivity, recruiting and retention, as well as improved warfighting readiness.

Current funding levels available to the Army, including the Army National Guard, have fallen short in both areas. The backlog of construction needs continue to grow in spite of Congressional assistance to acquire additional facilities beyond those requested in the annual Military Construction programs. Training ranges and regional centers, logistical and maintenance facilities for new weapon systems and armories for more intensive home station training to support the expanded missions are more complex and more costly to construct and maintain than in the past. The facilities required for aviation training, larger unit maneuver and weapons firing ranges must be compatible with the surrounding environment and available for year round use. Expansion of the local training area concept is a necessity to maximize training opportunities while reducing materiel operating costs. The enacted fiscal year 1990 Military Construction Program provides $223.49 million for constructing or up-grading these facilities. The accelerated rate of new facility construction over the past three fiscal years has considerably outpaced Real Property Maintenance (RPM) funding levels. RPM funding requirements will continue to increase proportionately. Degradation of not only older facilities, but also recently constructed facilities, will continue, if current levels of RPM funding are maintained.

Aircraft conversions, new missions and unit relocations have increased the need to replace or upgrade facilities at Air National Guard installations. Maintenance and repair resources dedicated to pavements and aircraft support facilities are not keeping pace with the more demanding criteria of newer series aircraft. Also, recently enacted environmental legislation will require a substantial increase in military construction funding to replace a significant portion of existing underground fuel storage tanks.

RESERVE COMPONENT AUTOMATION SYSTEM (RCAS)

The Reserve Component Automation System (RCAS) has been the subject of a continuing high level of Congressional interest and guidance. The Chief, National Guard Bureau is responsible for the RCAS by Congressional direction. The system will automate the data needed to mobilize the ARNG and the Army Reserve. It is crucial in improving the Reserve Component mobilization capability. In addition, the RCAS will substantially increase the efficiency of peacetime management of the Guard and Reserve. A Request for Proposals incorporating the Functional Description was formally released to industry on December 29, 1989. Proposals are due on April 30, 1990. The RCAS contract will be awarded after completion of a competitive demonstration and formal source selection. The Chief, National Guard Bureau is the Source Selection Authority.

The RCAS Program Management Office coordinated over 13,000 person days of effort with representatives from the Army National Guard, Army Reserve and Active Army to produce the Congressionally-mandated comprehensive functional description for the RCAS. Industry reviewed the draft functional description and its responses indicated the program is within industry capabilities. The RCAS program is achieving the objectives directed by Congress and we are managing resources in accordance with Congressional direction.

HUMAN RESOURCES

One of the National Guard's top priorities now and in the future is human resources. Our goal is a well trained, well equipped, and cohesive National Guard which is essential to the defense of our nation. Our personnel are entitled to serve in an environment that uses their talents, develops their potential, and recognizes their achievements. Our strong commitment to our members and their families must instill the highest sense of pride in themselves, their work, their uniform, and the National Guard mission.

To attain these goals, we strive to attract people with ability, dedication, and capacity for growth. We try to improve morale and productivity through visible and active command programs of equal opportunity and safety that exist as an integral part of the readiness of the National Guard and reflect the demographic mix of a state in that state's National Guard by using innovative methods to recruit, train, retain, and promote our military members, technicians, and civilian employees. We provide opportunity for upward mobility to leadership and management positions within the National Guard and make the National Guard a leader in the fair, equitable and nondiscriminatory treatment of all its members and employees. We strive to establish an environment that recognizes people as its most important resource, an environment that encourages teamwork and constructive working relationships, and employs the best available management practices, techniques and tools for the continuous pursuit of excellence, and enhance the members' military and civilian job performance by fostering cooperative relations between the National Guard and civilian employers.

SUMMARY

Americans and the Congress are placing their treasure and trust in the National Guard because they know an investment in the Guard is an investment in their future. This reliance in the Guard is what we have always wanted -- and the resources provided by the Congress permit us to accomplish our mission and provide our nation with a dedicated force of citizen-soldiers. Not everyone can serve in today's Guard since the demands are extraordinary. For those who do serve, however, we owe them the finest training and best equipment possible to assure their success. The National Guard has done everything our national leadership and the Congress have asked it to. We continue to assume increased missions, both federal and state, and we place immense demands on our citizen-soldiers. Our soldiers and airmen are expected to be prepared to mobilize, deploy and fight with little or no additional training or preparation -- more than we've ever asked of any generation of Guard members in the past. Yes, the Guard is a national security bargain but only if it can fight and win. The Guard has admirably demonstrated its capability to fight and win when properly trained and adequately resourced. The men and women of the National Guard fully deserve your support.

Senator GLENN. Thank you. Go ahead.

STATEMENT OF MAJ. GEN. DONALD BURDICK, ARNGUS, DIRECTOR, ARMY NATIONAL GUARD

General BURDICK. Mr. Chairman, members of your committee.

I appreciate the opportunity to testify before you today on behalf of the more than 456,000 combat-ready Army National guardsmen and women. I want to thank this committee for your past support.

I believe, with your help, we have increased the quality of our individual soldiers. Last year almost 90 percent of all Army Guard accessions were high school degree graduates. Category IV soldiers, which as you know are the lowest mental category, were less than 10 percent. Retention was the highest ever, with a loss rate of only 17.7 percent. And I might add, this is the best of any of the Army components.

Today we are manned with higher quality soldiers, trained and equipped to a higher level of readiness, and modernized to a greater extent than ever before. As a result of all of this, the Army National Guard is the best it has ever been in its 353 year history.

During 1989, the strength of the Army National Guard reached its highest level ever, 456,960. However, I think you know, because of budgetary constraints, we have been directed to undergo a programmed reduction of 10,000 soldiers in fiscal year 1990.

Now, I should point out this is 10,000 soldiers or faces, and no structure, no units, are to come out in fiscal year 1990. We are then to maintain a level end strength of 447,300 Guard soldiers until the report of the Total Force Policy Study Group is rendered and a determination made on the mix of the force.

Currently, we are at 102 percent of our fiscal year 1990 programmed end strength of 447,300.

Today, the Guard, as a full partner in the Total Force, participates in training exercises not only in the United States, but worldwide. We believe such training has contributed to the high state of mobilization readiness of our Army Guard units, especially those that are round-out and capstoned under the Total Force Policy to Active Army units.

As recently as Operation Just Cause in Panama, Army Guard soldiers provided military police, ambulance, first aid, and interpreters to assist in the successful completion of the Army's mission.

Our individual guardsmen and women have been willing to contribute extra hours and to deploy to distant countries to train on tactics and equipment under austere conditions to improve their deployability and combat readiness. This combat readiness is due, as I said, to support given to us by the Congress, also due to the dedication of both our traditional guardsmen, our part-time soldiers, as well as our full-time personnel.

The fiscal year 1991 President's budget supports the Army National Guard's Federal and State missions, and with the resources to be provided, I feel we will continue to maintain a combat-ready force in a most cost effective manner.

Now, to continue to accomplish our mission into the nineties, I believe we have to achieve three important goals. First, we have to continue to recruit and retain high quality soldiers, and this we will do.

Second, we must continue to improve the readiness through individual, unit, and leadership training. The leadership of the Guard will do this.

Third, we must support the readiness of our individual soldiers, our units, and our equipment by providing the necessary full-time support force. Presently, this is our most critical need.

Mr. Chairman, this concludes my statement. As I said, I am pleased to be here. I appreciate, on behalf of our guardsmen and women, the support given to us by this committee. I would be pleased to answer any of your questions, sir.

[The prepared statement of General Burdick follows:]

STATEMENT BY MAJOR GENERAL DONALD BURDICK

DIRECTOR, ARMY NATIONAL GUARD, DEPARTMENT OF THE ARMY

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I. FOREWORD

Today the Army National Guard (ARNG), our Nation's "Army on Call", has taken on new responsibilities. Manned with high quality soldiers, trained and equipped to a higher level of readiness, and modernized to a greater extent than ever before, the Army National Guard is the best it has ever been in its 353 year history. The Total Force policy and the resources provided by Congress have made this high level of readiness possible. However, this support must be continued to assure the completion of our modernization program and the full readiness of all ARNG units.

The ARNG has proven to be cost effective in performing both its state mission of providing military support to civil authorities and its federal mission of deterring war.

The ARNG improved dramatically during the decade of the 1980's:

--- End strength and force structure increased by approximately 100,000 to an End Strength of 447,300 for Fiscal Year 1990.

--- The number of ARNG units with early deploying missions increased 151%.

--- The number of new and existing units reporting an overall ready status to perform their wartime mission increased 36%.

--- High priority units are being equipped with the most modern equipment available to the Total Force.

--- Training opportunities have greatly expanded with the use of local, regional, national and joint training areas and centers. The use of high technology training equipment and training simulators enhanced our ability to make maximum use of limited resources.

--- Training opportunities for qualification of individual soldiers, leaders and units have been extended to include field environments around the world.

With Congress applying the necessary manpower and dollar resources, the ARNG will continue to meet the requirements of becoming an even more viable and cost effective military force. We look forward to the challenges and opportunities that this decade of the 90's will bring.

With mutual force reductions in Europe, reduced defense budgets and Active Component end strength cuts will make the ARNG more critical and cost beneficial in the future!

II. GOALS

Army National Guard soldiers are unlike any others'in the world. The Guard was formed during the American Revolution as a militia that should, as George Washington felt, be trained and organized under a uniform national system in all states and subject to call into national service in war or other emergency. We have not changed that concept, but have improved it during our 353 year history. We will continue to improve and adapt to change as our country calls upon us. The ARNG gladly accepts its role as a citizen soldier force with a responsibility not only to support the states and territories when called upon, but also to defend our nation as a part of a military force to deter war and if this fails to fight and win.

To accomplish our missions through the year 2000, the ARNG must achieve four important goals. They are:

Personnel --- Retain quality soldiers, man our force structure, and obtain necessary Full Time Support (Active Guard/Reserve and Military Technician) manning.

Equipment --- Obtain state-of-the-art equipment and ensure quality maintenance for the entire equipment inventory.

Training --- Improve readiness through innovative individual, unit and leadership training which will provide fully trained units in a cost effective manner.

Construction --- Acquire essential facilities necessary to achieve and sustain personnel goals and acceptable levels of quality-of-live in work and training capabilities mandated by readiness requirements.

While focusing on these goals, we must also ensure attention is given to each citizen soldier. The safety and well-being of our soldiers and their families are important to the accomplishment of our mission. We must have soldiers who train in realistic, but safe, environments and who are physically fit and mentally ready to perform their duties.

III. MISSIONS

The Army National Guard is unique in that it has two distinctly different missions. The first mission is to provide support to civil authorities during emergencies such as natural disaster or civil disorder and, most recently, counter narcotic activity. The second mission is to provide properly trained and equipped units as a deterrent to war and to mobilize in the event of national emergency or war to provide combatant forces to the Commanders-in-Chief of Unified Commands.

A. STATE MISSION

Requests for ARNG support to civil authorities continued to increase during Fiscal Year (FY) 89. Our units provided support in 52 states and territories during 249 separate emergencies. This total included both civil disturbance operations and recovery operations following floods, tornadoes, hurricanes, and other natural disasters.

Most recently, the Guard provided assistance during relief operations after Hurricane Hugo and the earthquake in northern California. In addition, the ARNG provided humanitarian support by conducting search and rescue operations, supplying emergency power and water to communities, providing temporary shelter for the homeless, and evacuating critically ill and injured people.

The ARNG has been at the forefront of support to federal and state authorities in drug interdiction. Counter narcotics support is a vitally important mission and one which is uniquely suited to our role as citizen soldiers. The ARNG readily accepted the challenge and provided the first military support to counter-narcotics operations in 1983 in four states. The number of states involved in drug suppression operations has increased to 53 states and territories in 1989 providing 1,811 support missions. In 1990 all 54 states and territories will participate in counter-narcotics support.

B. FEDERAL MISSION

The ARNG provides properly trained and equipped units available for prompt mobilization in the event of a national emergency or war. Currently the ARNG provides 44% of the combat units, 31% of the total Combat Support, and 25% of the Combat Service Support units of the total force. This includes 36% of the total Army's combat divisions (10 out of 28), 26% of the Air Defense Battalions; 51% of the Field Artillery Battalions; 33% of the Aviation units; 41% of the Engineer Battalions and 25% of the Special Forces Groups. All of these forces will be used to support Commanders-in-Chief in their wartime mission.

IV. THE ARMY NATIONAL GUARD - PAST, PRESENT AND FUTURE

During the 1980's, end strength of the ARNG has grown over 100,000, combat equipment readiness on hand has reached over 88%, and the budget has increased from $2.1 billion in FY 81 to $5.3 billion in FY 90 for personnel, operations and maintenance and military construction programs. However, many challenges still remain. Constrained resources will require the ARNG to consolidate and sustain gains achieved in the 80's. Further, we must develop long-range plans which will creatively address our capability to support future missions. The ARNG must be prepared to assume new missions in such areas as counter narcotics while maintaining a high degree of readiness for its traditional Federal role.

PERSONNEL

END STRENGTH

As our Army National Guard enters the decade of the 90's, the ever changing environment, which dictates our missions and our resources, will impact on our strength. In FY 89, the ARNG achieved 99.99% of our budgeted end strength of 457,300. Recent end strength reductions for the total Army calls for a reduction in end strength for the Army National guard of 10,000 soldiers by the end of FY 90 to a programed level of 447,000. To support this reduction we must recruit and retain only the highest quality young men and women into the Army National Guard.

OFFICER MANAGEMENT

The requirement for quality leaders in the Army National Guard continues to be high on our list of priorities. In FY 89, the ARNG exceeded the officer strength mission. At the end of FY 89, Officer end strength was 50,112 which was slightly over the total officer Force Structure requirement of 49,767. In FY 91 we plan to maintain the same level of officer strength. Maintaining this strength level will require accessions of 4500 officers. We will access the highest quality officers from ROTC, State Officer Candidate Schools, and prior service commissioned officers.

RECRUITING

The Army National Guard recruiting programs for FY 89 were very successful in recruiting high quality non-prior service personnel into the Army National Guard. During this past Fiscal Year, 89.6% of all recruits were High School Graduates, and less than 10% were in Test Category IV. We attribute a large amount of our recruiting success to a program begun in the second quarter of FY 89. This program was called the "Directors Challenge". This program began by each State Adjutant General being sent a personal letter outlining a strength mission for his State. Ideas were provided on how to achieve each state's individual strength mission. One idea that paid big dividends was traditional emphasis on female recruiting. By stressing that 41 percent of our military specialties are open to women the ARNG recruited 1,500 more females than in the previous year.

During FY 90 and 91, the ARNG is focusing on recruiting the highest possible non-prior service personnel into the Army National Guard. For this reason, any reductions in the recruiting support and advertising budget will make these goals difficult to achieve.

FORCE STRUCTURE

Current ARNG force structure will remain at its current level until the completion of the Congressionally directed Total Force Policy Study in December, 1990. However, ARNG force structure initiatives continue to focus on conversion of separate maneuver brigades and corps level combat support/combat service support forces, to Army of Excellence designs.

The conversion of the 116th and 163rd Armored Calvary Regiments to separate Armor Brigades equipped with M-1 tanks had a major impact on the force structure of the northwest states. In addition, a light infantry battalion was activated in Alaska as a roundout battalion to the Active Components 6th Infantry Division (light).

Three Mobile Army Surgical Hospitals (MASH) were activated in FY 89 in Georgia, Ohio and Indiana, bringing the total number of ARNG hospitals to 24. The 25th hospital is scheduled for activation in Washington state in FY 91. In FY-89 the ARNG also activated its first non-divisional chemical units in Nevada and Illinois. A chemical brigade headquarters is scheduled for activation in Illinois in FY 90.

In Air Defense, the last Korean War vintage "Duster" unit was converted to a Chapparal Battalion. Three other Chapparal Battalions and a Air Defense Artillery brigade headquarters were also activated. The ARNG now has four divisional Stinger Battalions with one more to be activated in FY 91. With the activation of a Hawk Battalion in FY 91 the ARNG will have four Hawk Battalions on line. In addition one Vulcan/stinger battalion has been designated as roundout to the 6th Infantry Division (Light).

FULL-TIME SUPPORT

The full-time support program provides a cadre of full-time personnel at unit level and in support activities to enhance the ARNG readiness mission. Full-time support personnel are the backbone for organizing, administering, maintenance of equipment, recruiting and retaining, instructing and training in the Army National Guard. The program encompasses ARNG Active Guard/Reserve (AGR) Soldiers, ARNG Military Technicians, active component soldiers assigned to the ARNG, and Department of the Army civilians.

Faced with limited growth in FY90, the ARNG has redistributed AGR authorizations from one state to another to ensure some minimal manning for all units. Projected limitations on the AGR force and the National Guard technician force will impact adversely on the overall operational readiness of the ARNG and on our ability to achieve effective AGR and

Technician career programs. The maintenance readiness posture is also adversely affected as we accept greater quantities of highly technical modern equipment and the corresponding increase in workload without equivalent Technician growth.

Career progression of these quality, professional full-time support soldiers is directly influenced by senior controlled grade authorizations provided by Congress.

B. TRAINING

The multitude of training opportunities available today for our ARNG soldiers and units is key to providing realistic, mission-oriented training, thus improving readiness. The Professional Development Program (PDP), Key Personnel Upgrade Program (KPUP), Overseas Deployment Training (ODT), CAPSTONE, training at the National Training Center (NTC) and at the Joint Readiness Training Center (JRTC), Battle Command Training Program (BCTP) and the Joint Chiefs of Staff (JCS) exercises are vital to meeting the ARNG's mission to provide combat ready units in support of the total force and Unified Commanders missions.

RESERVE COMPONENT TRAINING STRATEGY

The Reserve Component Training Strategy provides continuous focus on improving training readiness. The Strategy follow-up efforts have produced a training development action plan which addresses 38 initiatives to improve training in the five areas of soldier, leader and collective training, as well as training support and management. Skill Qualification Test upgrading and validation; enlisted and officer education systems; unit training aids, devices, simulations; and simulator acquisition are three significant issues. Department of the Army manages the program through semi-annual reviews and a General Officer Steering Committee to give priority focus to this important program.

PROFESSIONAL DEVELOPMENT EDUCATION

The Army's ability to field a combat-ready force requires the development of leaders who can, on short notice, deploy, fight, and win. Army National Guard soldiers continue to receive training in resident courses on the latest tactics, doctrine and systems, thus reinforcing MOS skills and leadership abilities. The Noncommissioned Officer Education System (NCOES) is our primary means of meeting these requirements.

Effective 1 October 1987, the Reserve Component Noncommissioned Officer Education System (RC-NCOES) was revised to include Military Occupational Speciality (MOS) specific tasks as well as leadership training and battlefield survival skills. RC-NCOES now consists of four levels of career development training. These levels and the corresponding courses at each level are the primary level - the Primary Leadership Development Course (PLDC), The basic level - the Basic Noncommissioned Officer Course (BNCOC), the advanced level - the Advanced Noncommissioned Officer Course (ANCOC), and the senior level - the United States Army Sergeants Major Course (SMC). The BNCOC and ANCOC have been developed for presentation in two phases (Phase I and Phase II). Phase I training consists of common leader training and the Phase II provides the MOS-specific training.

ARNG and United States Army Reserve Forces (USARF) Schools trained 24,000 soldiers in PLDC, Phase I of BNCOC, and Phase I of ANCOC in fiscal year 1989. The total number of soldiers requiring training is expected to increase for the next three years as implementation of the Phase II, MOS-specific courses begins.

The ARNG is currently developing a plan to implement the Phase II, MOS-specific training. The majority of courseware is projected to be completed during FY 90 with the program available for use in FY 91.

Additionally, soldiers continue to be trained at the Reserve Component Tank Commanders Course (RCTCC). This course prepares ARNG NCOs and officers for the duty position of tank commanders in a tank armor company or Cavalry troop. Attendees programmed to attend through FY 91 remain consistent with the number of soldiers trained in FY 89. Expanded training will be provided to include the M60A3 and Abrams Tanks beginning in FY 90.

The ARNG NCO Battle Skills Course (BSC) was developed to sustain combat skills. BSC provides training in the technical and tactical employment of infantry squad, platoon weapons, live fire exercises, and the use of supporting battlefield survival techniques. The National Guard trained 526 soldiers during FY 89, and FY 90 and 91 objectives are similar.

KEY PERSONNEL UPGRADE PROGRAM (KPUP)

KPUP deploys soldiers to train one echelon above their current positions or at a facility with a higher overall support mission. The training received during these deployments is reflected in the readiness and understanding of the soldiers as they return to their states. KPUP, a Branch/MOS enhancing program, strives to link soldiers to units within their CAPSTONE Trace, in support of the TOTAL ARMY policy. Since 1981, approximately 37,000 ARNG soldiers have deployed to 92 locations within CONUS and trained in 27 countries supporting humanitarian and mobilization training.

OVERSEAS DEPLOYMENT TRAINING (ODT)

ODT provides Army National Guard (ARNG) units and unit cells the invaluable opportunity to train in their wartime theater of operations under their CAPSTONE gaining command. In addition to honing their warfighting skills, ODT participants familiarize themselves with their assigned area of operations and learn the operating procedures of their CAPSTONE affiliate. ODT also serves as an excellent mobilization planning and execution exercise for ARNG units. In FY 90, over 22,000 Guardsmen performed ODT with about the same number programmed for FY 91.

THE NATIONAL TRAINING CENTER (NTC)

The NTC is the Army's premiere collective training center. It provides the most realistic mid to high intensity combat environment available in peacetime. Since 1983, twelve Army National Guard roundout battalions have trained at the NTC. Current schedules call for four battalions to train at the NTC in FY 90 and FY 91, and two battalions in FY 92. In addition, the ARNG takes advantage of the excellent training opportunity provided by the opposing forces at the NTC. For this mission the ARNG will provide fourteen companies in FY 90 and ten companies in FY 91.

THE JOINT READINESS TRAINING CENTER (JRTC)

The JRTC is the combat training center for low to mid intensity conflict, with primary emphasis on the Total Army's light, airborne, ranger, air assault, and conventional infantry forces. In 1989, two ARNG battalions participated in JRTC exercises. There is a single battalion rotation scheduled for FY 90 and two battalion rotations in FY 91. Additionally, the ARNG will provide two companies during FY 90 to act as a part of the opposing force at the JRTC.

JOINT CHIEFS OF STAFF (JCS) EXERCISES

JCS exercises provide ARNG units the opportunity to train in a simulated wartime environment alongside elements of the Army, Navy, Air Force, and Marines. JCS exercises allow all ARNG elements, combat, combat support, and combat service support to work together as they would in wartime and demonstrate that it is a viable, effective fighting force during operations with other services. Participants improve their warfighting skills in a pressure-packed environment. JCS Exercises also give ARNG leaders the chance to conduct mobilization planning and execution and to evaluate unit war plan development and operating procedures. CAPSTONE associations are strengthened, and during those joint and combined exercises participating units are also able to familiarize themselves with their wartime missions and CAPSTONE theater of operations. Currently 16 JCS exercises are scheduled for FY 90 and 16 for FY 91.

SPECIAL OPERATIONS FORCES (SOF)

The Army National Guard is continuing to develop its Special Operations Forces (SOF). An ARNG SOF General Officer Steering Committee has been formed and met for the first time in FY 89 to address improvements in the force. In FY 90, the ARNG plans to form an ARNG Special Forces (SF) MOS Qualification Task Force to address initiatives for improving the overall MOS qualification in ARNG SF units. Upon activation of the Army Special Operations Command (ASOC) as a MACOM, the ARNG will be represented with an ARNG Major General in the position of Deputy Commanding General. Two ARNG Special Forces Groups and one Special Operations Aviation Battalion continue to participate in training during worldwide deployments in support of theater level operations.

THE BATTLE COMMAND TRAINING PROGRAM (BCTP)

BCTP is the capstone of the Army's Combat Training Center (CTC) unit training programs. It provides Corps and Division Commanders and Battle Staffs with intensive training in the operational level of war without costly maneuvering by their major subordinate commands. This is accomplished by employing state-of-the-art training simulations to portray the subordinate unit actions against a professional opposing force. BCTP also employs a dedicated staff of Observer/Controllers, who facilitate the training through detailed after action reviews and the preparation of post exercise sustainment training programs. Since its start in late FY 88, two Corps and fifteen divisions have been trained - three of which were ARNG Divisions. Based upon their experiences, we are now developing a Reserve Component configured BCTP that will be tested in FY 91. Once tested and validated, this program will allow increased frequency of ARNG exercises up to an objective of once every other year.

AVIATION TRAINING

The ARNG has two centralized Army Aviation Training Sites (AATS) which provide aviation training for the ARNG. These sites, the Eastern and Western AATS, are located in Pennsylvania and Arizona, respectively. In 1978, the ARNG began developing the concept of centralized ARNG Aviation Training Sites (AATS). The concept was based on an assumption that Active Component capabilities would be constrained in the 1980's and beyond.

The Eastern AATS is entering its seventh year of training operations in FY 90 focusing on individual aviator qualification training in utility and cargo rotary wing aircraft as well as selected fixed wing aircraft. The Western AATS begins its third year of limited operations in FY 90 concentrating on attack and aeroscout rotary wing training. During FY 89, the AATS program trained 1069 students, a number which will be equalled in FY 90 and 91. Nearly 11,000 flying hours were executed in support of the student training during FY 89. Over 12,000 flying hours are programmed to support training activities during FY 90.

The Eastern AATS operates a regional UH-1H synthetic flight training system supporting Active Component, Army Reserve and Army National Guard aviators on a regional basis. Both training sites operate an AH1 (Cobra) Flight Weapons Simulator (FWS) on a regional support basis. Over 28,000 hours of creditable aircrew flying hours were accomplished in these simulators during FY 89. That accomplishment will be surpassed in FY 90 and 91 as AH-1 aircraft are fielded in ARNG units .

As resources become more constrained in FY 90 and 91, the role of these training sites will assume greater importance. More emphasis on resource intensive training will occur to minimize the impact of possible reductions in flying hours, training time and limited availability of aviation compatible training areas in metropolitan areas. The ability of the AATS program to meet this role will be limited without the necessary full time AGR personnel. The training capability of the Western AATS is currently constrained due to limitations on personnel growth. Moreover, the premobilization preparation of both sites to expand the Army's aviation training base upon mobilization will be adversely affected without sufficient full-time manning.

In FY 91, the ARNG will field two new generation UH-1 Flight Simulators to support ARNG aviation training requirements. The two cockpit devices will be located at ARNG sites in Los Alamitos, California and Peoria, Illinois to provide regional support to Active Army, ARNG and Army Reserve aviators. The new devices are the result of a Grumman Electronics Contract for development of a prototype simulator based on new computer software language. This effort is the forerunner that will allow replacement of existing mainline computers, as well as split-out and redistribution of UH-1 simulator cockpits. Military construction for facilities to accommodate these simulators will be completed in late FY 90.

The first ARNG Apache Attack Helicopter Battalion was fielded in North Carolina and was certified combat ready in FY 88. In FY 89, a second ARNG Apache Attack Helicopter Battalion in South Carolina began training at home station and will deploy to Fort Hood for combat certification in June 90. Battalions in both Florida and Utah began training at home station in FY 90. Each Apache Battalion requires an increase of approximately 35 personnel to provide needed full-time support; however, with continued constrained growth in full-time manning the aggregate shortage for the next three Apache battalions, located in Texas, Arizona and Idaho will increase to more than 100 full time personnel in FY 91.

The ARNG has established mandatory Night Vision Goggle (NVG) qualification for all ARNG helicopter pilots. All pilots are now NVG qualified during initial flight training at Fort Rucker, Alabama. In addition, NVG mission training in unit tactical tasks was mandated for specific positions identified by the unit commanders. More than 80 percent of all ARNG aviators are now NVG qualified, with more than 30 percent mission trained. The goal of the ARNG is to have 100 percent of our pilots NVG mission trained by the end of FY 90.

TRAINING SYSTEMS

To date, 5,300 Electronic Information Delivery Systems (EIDS) are being fielded along with 6,400 hours of courseware which is under development. EIDS is an interactive learning system with which individuals and small units will be able to learn and sustain military occupational job skills. The ARNG has continued fielding of the Multiple Integrated Laser Engagement System (MILES). Currently three platoon sets have been fielded for each battalion and squadron in the ARNG.

The Guard Unit Armory Device, Filigree Interactive Simulations Trainer (GUARDFIST I) for M-1 Tank crews has reached the prototype stage with 10 devices being prepared for testing during FY 90. GUARDFIST II, a fire observation trainer, continues under development with prototypes also scheduled for testing in FY 90.

To provide for infantry training on fire control, fire distribution and junior leader training in an indoor environment a Squad Engagement Training System (SETS) prototype is currently being tested. In addition Precision Gunnery Training Systems (PGTS) for TOW and DRAGON antitank systems will allow gunnery training indoors or outdoors at home stations once they are fielded.

REGIONAL TRAINING SITES

The Regional Training Site - Maintenance (RTS-MAINT) program provides centralized, regional hands-on training on current and force modernization systems. Individual transition level training and additional skill identifer (ASI) training on force modernization equipment and sustainment training for designated military occupational specialities (MOS) are provided at these facilities.

The Army National Guard has proponency for thirteen RTS-MAINT sites. Training programs have already been initiated at Fort Bragg, NC; Camp Shelby, MS; Fort Dix, NJ; Camp Dodge, IA; Camp Blanding, FL; Camp Roberts, CA; and Camp Custer, MI; Camp Ripley, MN; Gowen Field, ID; Nickell Barracks, KS; and Fort Stewart, GA. An additional site in Jefferson City, MO is scheduled to open in FY 90. The final site is scheduled for FY 92 in Pearl City, HI.

The New Jersey National Guard High Technology Training Center (HTTC), provides a training environment to conduct individual, small unit, and battle staff training using simulations, training devices and equipment end-items, to enhance proficiency in the weapons systems of the Army of Excellence, and the tactics applicable to the Airland Battle. The HTTC provides training seven days per week; twelve months of the year to personnel from NJARNG, USAR, USAF, CONUSA, and Fort Dix. The NJHTTC includes a Regional Training Site - Maintenance (RTS-MAINT), a High Technology Training Center (HTTC), a Training Technology Field Activity (TTFA) and a Range Training Support Activity (RTSA).

The Army National Guard has two Regional Training Sites-Medical (RTS-MED) at Camp Shelby, MS, and Fort Indiantown Gap, PA. These sites provide medical units with transition training on modernized medical equipment such as Deployable Medical Systems (DEPMEDS), sustainment training, and has the mission to provide emergency medical support to disaster areas. DEPMEDS training to Reserve Component units is of paramount importance since 70 percent of the Army's field medical support lies with RC units which will be trained at RTS-MEDS. During Huricane Hugo DEPMEDS equipment from Camp Shelby was used to support much needed medical support.

SPECIAL TRAINING SITES

Since 1986, the ARNG has trained at a fully operational and provisioned "warm base" European Aviation Classification and Repair Activity Depot (AVCRAD) facility at Brussels, Belgium. This facility is manned by Army National Guard AGR soldiers and contractor personnel in peace time and will be operated by Army National Guard units upon mobilization. Currently, aviation maintenance personnel from the California, Connecticut and Missouri AVCRADS are conducting Overseas Deployment Training at this site to maintain peacetime equipment and training readiness.

In FY89, the ARNG began managing the Equipment Maintenance Center (EMC) at the General Support Center, Kaiserslautern, Germany. Staffing at this site consists of ARNG, USAR and Active Component personnel. The mission of this facility is to provide "hands on" training in Europe for ARNG maintenance units.Maintenance is performed on U.S. Army Europe (USAREUR) equipment that the unit would maintain upon deployment. This Reserve component Maintenance Training Facility has improved the training readiness of ARNG heavy equipment maintenance units while reducing the General Support Maintenance backlog in USAREUR.

TRAINING AREAS AND RANGES

The ARNG Range Modernization Program supports units by providing up to date weapons firing facilities and training areas close to their home station. The program is oriented on improving readiness by providing ranges for both individual and crew qualification. It is also geared to cost-savings by developing, acquiring, and upgrading training areas which maximize training time while reducing operating costs. The range modernization program received over $17 million in FY 89 and is projected to increase to approximately $65 million for FY 90 through FY 92.

The Range Modernization Program supports the development of training facilities and land to provide individual and collective training for all ARNG units at 71 ARNG Major Training Areas. Without these programs, ARNG units would spend valuable training time and funds traveling to and from distant active component training sites. Improvement of these areas with such facilities as computerized target systems, modernized barracks, and educational facilities allows training to current Army standards required for mobilization.

MOBILIZATION TRAINING

The Army National Guard (ARNG) Mobilization and Deployment Exercise Program continued to receive emphasis as an essential element of verifying a units mission capability during FY 89. These exercises are progressive in nature and increasingly challenge the participants to realistically evaluate mobilization planning and execution.

The ARNG Mobilization Exercise Program consists of four exercises designed to address all phases of the mobilization process. Three of these [the State Areas Command Exercise (STARCEX), the Mobilization and Deployment Readiness Exercise (MODRE), and the Readiness for Mobilization Exercise (REMOBE)] are executed as comprehensive evaluations of unit mobilization plans, administrative procedures and personnel preparedness. The Emergency Mobilization and Deployment Exercise (EMDREX), is an exercise designed to test the ability of selected high priority ARNG units to respond, prepare and depart for the mobilization station within 72 hours of federalization. This has become the cornerstone of the ARNG exercise program to insure that the first to mobilize sustain the required high level of preparedness.

The number of exercises conducted has increased since FY 84 from 400 exercises to over 900 in FY 89, while exercise funding has remained constant at about $12 million. This growth has been achieved by encouraging conduct of exercises in conjunction with inactive duty training periods and other mobilization related training events, rather than as separately funded exercises. The ARNG Exercise program growth has now leveled at approximately 900 exercises annually.

In FY 89, the ARNG initiated a program to improve both the mobilization preparedness and readiness of selected high priority ARNG units. This program is specifically designed to improve the readiness of these units through equipment redistribution, recruiting and retention incentives and exercise training opportunities. These exercises test all phases of the mobilization process to include commercial loadout of unit equipment, movement to the mobilization station and an initial assessment of the units deployability.

FY 90 will see continued emphasis on exercising high priority force package units, as well as improving the quality of all exercises conducted. With the leveling off of funding, quality exercises are the only avenue for insuring maximum results from time and dollars expended. Currently, as a result of budget constraints, exercise schedules have been curtailed to the point where lower priority units are unable to conduct all exercises required by regulation to meet minimum proficiency. FY 90-91 is an especially critical period, as the Headquarters, Department of the Army, CALL FORWARD series of exercises begins. It is essential that the ARNG fully participate in this series of exercises. As the U. S. Army draws down there will be continued reliance upon the mobilization capabilities of the ARNG and the only way to assure this capability is through a fully executed Mobilization Exercise Program.

C. EQUIPMENT

SURFACE EQUIPMENT

Despite the reduction of procurement programs in recent years, equipment deliveries to the ARNG continue to set records. Equipment valued at $2.9 billion was delivered to Army National Guard units in FY 89 with another $2.9 billion anticipated in FY 90. This value represents a sizeable increase over the $2.7 billion delivered in FY 88 and can be attributed to continued modernization of ARNG combat units with new and displaced Army equipment and delivery of Dedicated Procurement Program equipment. The distributed equipment included such major systems as the M1 Abrams Tank, M60A3 Tank Thermal Sight Tank, Improved TOW Vehicle (ITV), M198 Howitzer, Battery Computer System (BCS), Chaparral, Heavy Expandable Mobility Tactical Truck (HEMTT) and High Mobility Multipurpose Wheeled Vehicles. Equipment On Hand readiness has reached record high levels as a result of these deliveries and inventory management efforts. Despite these gains, however, the ARNG remains short $6.9 billion of equipment. The most critical shortages are medium and heavy tactical wheeled vehicles, tactical communications equipment, support items such as tools, test equipment, and fuel hauling equipment.

COMBAT VEHICLES

The modernization of the ARNG's armored forces has continued at a steady pace with the introduction of the M1 Abrams into the non-roundout units and the M60A3 Tanks into ARNG divisions. The ARNG armor force will be equipped with M1, M1A1 or M60A3 Tanks by FY 92. M1 and M1A1 Tank Displaced Equipment Training (DET) will continue at Gowen Field Idaho while the M60A3 DET will remain at Camp Shelby Mississippi. M1 fieldings in FY 90 include the 116th Cavalry Brigade (Idaho/Oregon ARNG) which is now a roundout to the 4th Mech Division, 107th Armored Cavalry Regiment (Ohio ARNG), and the 3-123 Armor Battalion (Kentucky ARNG). M-60A3 fieldings to divisions in FY 90 are to the 35th Infantry Division (Nebraska/Kansas ARNG) and the 38th Infantry Division (Indiana/Michigan/Ohio ARNG). All the ARNG fieldings are now under the unit-to-unit transfer program which eliminates depot upgrade prior to transfer to ARNG units.

Bradley Fighting Vehicles (BFV) will be fielded to the 256th Infantry Brigade (Louisiana) and to the 2-136th Infantry Battalion (Minnesota) in FY 90. The fielding of the final Dedicated Procurement Program funded M901A1 Improved Tow Vehicles will be completed in FY 90. M113A3 Armored Personnel Carrier fieldings are continuing to the 32nd Brigade (Wisconsin), and the 40th Infantry Division (Mech) (California) will begin its fieldings in FY 90.

Finally, the Fire Support Team Vehicle (FISTV) will begin fielding to the ARNG non-roundout units in FY 90 and will continue through FY 94.

TACTICAL WHEELED VEHICLES

The continuing shortage of 5-ton cargo trucks in the medium tactical wheeled fleet remains the ARNG's most critical need. Of a requirement of 13,800 vehicles, the percentage of 5-ton cargo trucks on hand is less than 35 percent. Further compounding the issue is the fact that the majority of the 4,862 5-ton cargo trucks on hand are beyond their designed service life expectancy. Positive action to improve the ARNG posture of 5-ton cargo vehicles includes the procurement of 1,818 vehicles from Dedicated Procurement Program funds. Receipt of these vehicles will increase the ARNG readiness posture to 47 percent of fill in the medium fleet.

The light tactical wheeled vehicle fleet is not outdated when compared with other parts of the vehicle inventory. In addition, vehicles are on hand in sufficient quantities to prevent readiness impact. The ARNG is concerned that the planned procurements of High Mobility Multipurpose Wheeled Vehicles will not support minimum levels of issue in the ARNG. Continued use of significant quantities of obsolete older gasoline vehicles will result.

Several members of the heavy fleet of tactical wheeled vehicles, like the medium fleet, are overage by many years and in short supply. The M123 10-ton tractor, for example, is in excess of 25 years old and it remains the only real heavy haul capacity in ARNG Engineer Battalions. Production of the M916 truck tractor is necessary to replace the 645 gasoline powered M123 vehicles.

The Army suspended shipment of the cargo variant of the Heavy Expanded Mobility Tactical Truck (HEMTT) to ARNG units in FY 89 to shift the equipping effort to the Palletized Loading System (PLS). This action, in addition to shortfalls in HEMTT wreckers and fuel trucks, leaves the ARNG short approximately 1,516 HEMTT to meet minimum readiness standards.

The impact of over age gasoline powered vehicles in the tactical wheeled vehicle fleet is serious. Air Land Battle 2000 guidance would prefer to have only one common fuel (diesel) to supply on the battlefield. Parts are getting increasingly harder to obtain for the older models and certain vehicle types can only be supported through repair parts canibalization and procurement from commercial vendors. Training of mechanics and stocking of repair parts also require additional resources when the fleet is over age and difficult to support.

In an attempt to control the problems in the tactical fleets of the Army, the Army Tactical Wheeled Vehicle Modernization Plan (ATWVMP) was developed. In addition to planning for procurement and overhaul of trucks, in out-years, to provide economically supportable and reliable equipment, the ATWVMP calls for the early retirement of many of the vehicles that are now problems. Several types of older vehicles cannot be retired; however, due to readiness impact on units.

DEDICATED PROCUREMENT PROGRAM

The continuation of the Dedicated Procurement Program (DPP) Appropriation into FY 91 will allow the ARNG to maintain its established momentum in improving Equipment on Hand (EOH) Readiness. These separately appropriated funds, over $1.7 billion since FY 82, have improved EOH readiness over 20 percent. The funds appropriated for FY 90 are procuring such readiness significant items as 300 M113 Armored Personnel Carriers, Tactical Refueling Trucks, 96 Light Equipment Tractors (M916A1), C23 Cargo Aircraft, and 30 million dollars in miscellaneous equipment. When delivered these critical equipment items will significantly improve overall ARNG unit readiness.

COMMUNICATIONS-ELECTRONIC EQUIPMENT

The Signal Corps is currently undergoing the largest modernization effort in its history. Mobile subscriber equipment (MSE) offers all Corp and below commanders secure voice, data, and facsimile communications in the equivalent of an advanced cellular telephone system. The ARNG is being equipped with approximately 40% of this 4.3 billion dollar communications improvement. MSE has been successfully fielded in one Signal battalion in Arkansas and two signal battalions in Texas with additional fieldings in New Jersey, Iowa and Michigan in FY 90 and 91.

As of FY 89, all ARNG Divisional Signal Battalions have been equipped with Multichannel Army Tactical Area Communications System. Much of this equipment has been procured with funds made available by Congress for communications equipment since FY 79. ARNG divisions have now attained limited interoperability with all other Army elements. The command and control problems solved by this modernization program and the speed with which it was accomplished constitutes a great success story.

Modernization of signal units at above division echelons has progressed successfully. The ARNG has some shortages in the Communications Security (COMSEC) equipment; however, expected receipt of 2,000 bulk enscription devices will resolve 80 percent of ARNG COMSEC equipment shortages for these units.

Shortages of the An/VRC-12 family of radios are the greatest shortfall in go to war capability. The ARNG continues to address this problem by purchase of radios with Dedicated Procurement funds. The AN/VRC-12 radios are of older design. It is hoped that the receipt of SINCGARS radios in two brigades in FY 90 and 91 and receipt of radios displaced by the fielding of SINCGARS to the Active Component will eliminate the need to initiate new procurement of AN/VRC-12 radios in the future.

MEDICAL EQUIPMENT

Since 1984, the ARNG has invested over $45 million in the modernization of medical and dental equipment sets which has significantly increased the readiness posture of medical/dental units within the ARNG. Modernization of medical and dental equipment sets will continue in FY 90 with an additional $5 million allocated for this purpose. The increase in readiness applies only to non-hospital units. Critical shortages in non-hospital units are now being fielded. These include Dental Chair and Stool Units, Dental Equipment Sets, Dental X-Ray Units, Defibrillators and Monitors, Lab Sets, Veterinary Sets, Field Hygiene Sets, and Optical Fabrication Units. Shortages still exist in Sterilizers, Surgical Sink Units, X-Ray equipment, and Dolly Sets. To increase readiness within the hospital units, the ARNG is programmed to receive 25 sets of Deployable Medical Systems (DEPMEDS), one per hospital. Fielding for DEPMEDS began in FY 88 and is scheduled to be completed in FY 96. Each Hospital unit will receive a Minimum Essential Equipment for Training (MEET) set at home station with a complete set going to POMCUS, POMCUS Unit Residual Equipment (PURE in CONUS), or Primary Mobilization (PRIMOB) storage in CONUS. This fielding will have a significant impact on sustainment of MOS skills and individual and section level training; however, readiness of PRIMOB units is still questionable. Equipment at PRIMOB sites is not configured in unit sets and is considered war reserve. Upon mobilization, any higher priority deploying unit can fill its shortages from this storage site. When the RC Hospital deploys there is no guarantee they will have a functional hospital available. This is a significant readiness concern for the ARNG.

AIR DEFENSE EQUIPMENT

Air Defense Artillery (ADA) is one of the most extensive modernization efforts in the Army National Guard and the Total Force today. Since 1983, the ADA capability within the ARNG has expanded from the Korean era "Duster" short-range air defense system, found only in the ARNG, to the resourcing of multi-level air defense systems for both Active Component and the ARNG. At the end of FY 90, ARNG ADA will consist of one Vulcan/Stinger Battalion, one Duster/Stinger Battalion, three Stinger Battalions, eight Chaparral Battalions, and three Hawk Battalions.

In FY 91 the Duster/Stinger Battalion will convert to Stinger only and a Hawk Battalion will join the force. The continued modernization of the ARNG ADA units, located in 10 States, is a critical component of the combined arms team necessary to meet the needs of the Total Army. ARNG modernization is dependent upon the air defense systems being displaced from the Active Component by the new Forward Area Air Defense (FAAD) system and upon an increase in the ARNG ADA force structure.

FIELD ARTILLERY

Fielding of the M119 Light Gun System in ARNG units will commence FY 91. Several items of equipment for establishing a gun site and communication of fire direction information are of interest. The fielding of the Battery Computer System has been delayed, currently the ARNG has 47 percent of its requirements on hand. Dedicated Procurement action to further support Battery Computer System requirements is under consideration. The Position Azimuth Determining System (PADS) is currently being fielded and forty percent of the ARNG requirements have been filled. Fielding will continue through 2d Qtr FY 91 when two thirds of the ARNG requirements will be met. The fielding of a battalion set of Multiple Launch Rocket Systems (MLRS) to the ARNG in FY 92 will increase the MLRS fielded to the ARNG to two sets.

There are several programs which will improve the efficiency of the ARNG howitzer units with the focus on the M109 Self-Propelled Howitzer. First is the Howitzer Improvement Program (HIP) which is funded to upgrade Active Component FA units and their ARNG roundout units. Second is the Reserve Component Modernization of Artillery Systems (RCMAS) program. This program will provide new gun tubes and gun mounts for all ARNG (and USAR) M109 155mm Self-Propelled Howitzers, except those in the HIP program. The new tubes and mounts will increase the range and improve the combat effectiveness of ARNG FA units. The final program is the Nuclear, Biological and Chemical (NBC) Product Improvement Program (PIP). This will increase the survivability of the ARNG's M109 Howitzers in the NBC warfare environment. The net result of these programs, all scheduled for completion in FY 93-94, will be an increase in the firepower and survivability of the ARNG's M109s. The aging fleet of M110 8 inch Self-Propelled Howitzers will not receive corresponding improvements. The ARNG is currently short both the M109 and M110 Howitzers.

The shortage of these howitzers has prevented the ARNG from transitioning to the 3 by 8 configuration from the 3 by 6 configuration currently in effect.

AVIATION EQUIPMENT

The ARNG is participating in the Army's Aviation Modernization Plan (AAMP). This plan includes 12 attack helicopter battalions (AH-64 Apache advanced attack helicopter) to be fielded to the ARNG. Four AH-64 battalions will be fielded by the end of FY 90 and the remaining eight by FY 94. The modernization of CH-47A/B/C helicopters to the CH-47D has also begun with the ARNG receiving its first eight CH-47D aircraft in FY 89. By FY 94, the ARNG will have received 96 of its required 112 CH-47D medium lift cargo helicopters.

Although the ARNG is beginning to modernize its aging helicopter fleet, we are still faced with shortages that will impact on force readiness into the late 1990s. These shortages exist in attack utility, scout and heavy lift units. In FY 90, the ARNG will have 33 corps or divisional units that require attack helicopters. Of these, the ARNG inventory of AH-1S Cobra helicopters is scheduled to increase with the fielding of Apaches to the Active component. As Apaches displace Cobras in the Active Army, the Cobras will be transferred to ARNG units. Seventy-seven AH-1 Cobra helicopters are required by ARNG units to replace the UH-1Ms over the next 2 years.

The ARNG continues to look at innovative ways to manage shortages in the ARNG utility helicopter fleet. The vast majority of the current fleet consists of over 1,100 Vietnam era UH-1H aircraft. The AAMP addresses the problem of our aging UH-1H fleet and over the next 6 years, will provide a limited number of UH-60 Blackhawks to designated ARNG units.

In FY 90-91, the ARNG will receive 16 C-23, two C-12, and two C-26 aircraft as a result of Congressionally directed procurement. This will dramatically improve our aging fixed wing fleet; however, we will still be short 52 first line fixed wing aircraft to meet mission requirements. The balance of fixed wing requirements are filled by the aging/substitute U-8/T-42 aircraft. This use of substitutes, again, places the ARNG in the position of having to train with aging aircraft since over 50 percent of our fixed wing fleet is more than 20 years old. ARNG aviation requires 5,917 of the AN/AVS-6 (ANVIS) Night Vision Goggles for its flight crews. There are only 200 ANVIS in the ARNG so training is being done with the 2600 AN/PVS-5 Night Vision Goggles in Aviation units until more ANVIS are received. This shortage of Night Vision devices may prevent aviators in ARNG from achieving the goals of 100 percent mission trained until FY 91 or later. Until all ARNG aviators are NVG qualified and mission trained, units will only have night operational capability with selected crews. The impact on the Total Army's ability to achieve sustained NVG operations could be impaired if the ARNG is not provided sufficient NVG to achieve 100 percent qualification.

ORGANIZATIONAL CLOTHING AND EQUIPMENT

OCE shortages continue to be reduced through FY89. Due to the tight budget in the OCE area, it appears that the shortfall will start to increase in FY90 from the FY89 level ($257M). This backlog was at an all time high of $400 million in FY86.

The Army is engaged in efforts to enhance the improved and modernized OCE which includes Extended Cold Weather Clothing System (ECWCS), Field Pack Large with Internal Frame (FPLIF), Individual Multi-Purpose Shelter (IMPS), Individual Tactical Load Bearing Vest (ITLBV), Multi-Purpose Rain/Snow/CB Overboots (MULO), Extreme Cold Weather Sleep System (ECWSS). These items are needed to improve survivability for the individual soldier on the modern battlefield by providing state-of-the-art, weather resistant, camouflage and ballistic protective clothing and equipment.

During FY88 the ARNG procured additional camouflage screens and support sets because they were available in large quantities for the first time in 5 years. At the end of FY88 an additional $25M was reprogrammed specifically for camouflage screens and support sets. These sets were received during FY89 bringing the ARNG on-hand status to 87% as of February 1990.

MAINTENANCE SUPPORT

ARNG ground Operating Tempo (OPTEMPO) is fully funded in FY 91 at 288 miles to maintain adequate readiness. High priority units are expected to achieve C2 readiness levels. Lower priority units will continue to maintain C3 levels. This OPTEMPO level is consistent with previous years and compares favorably with the Active Army ground OPTEMPO program. As the level of equipment and the level of effort increases, additional resources may be required.

The Air OPTEMPO is fully funded at 8.9 hours per crew per month. This index represents a total Flying Hour Program (FHP) of 431,700 hours, and is designed to provide sufficient hours for all aviators to accomplish individual and collective training tasks outlined in the appropriate aircrew training manual (ATM) for the aviators assigned aircraft. The FHP also provides for mission support requirements for the several States as well as mission requests from NGB, DA and DOD.

Army National Guard equipment readiness is at its highest level ever due to continued modernization, enhanced training, and effective maintenance management programs. The substantial operating funds programmed to support FY91 maintenance requirements provide the vital resources needed to support training OPTEMPO and to continue the sustainment of ARNG equipment at a level of readiness commensurate with limited military technician manning levels.

The ARNG Depot Overhaul Program is one of the key contributors to an improved ARNG materiel readiness posture. This Maintenance Program has provided the resources needed to sustain with very good results, the reliability of all older models of equipment in the ARNG inventory. The FY91 Depot Overhaul Program which is funded $8.4 million below the FY90 funded level, should be adequate to support the ARNG FY91 readiness goals of 90 percent Fully Mission Capable Equipment. However, the FY91 Depot Overhaul Program funding constraints will cause a growing backlog in depot overhaul requirements.

D. READINESS

The Army National Guard resource and training levels have shown improvement overall between October 1988 and October 1989. This increase is attributed to a 5% improvement in equipment on hand and a 4% improvement in equipment condition. Continued use of the Equipment Readiness Analysis (ERA) Program, Dedicated Procurement Program, and intensive management of ARNG units and assets have been key elements in these equipment resource area improvements. Even with funding constraints, the Army National guard has improved ut readiness levels by 22% since October 1985.

Due to shifting demographics, personnel category levels had a slight fluctuation during the past fiscal year, but, by the October 1989 Unit Status Report (USR), there was 1.27% improvement in personnel. To offset any negative demographic trend, the ARNG has taken aggressive action to manage sustainment of the current force structure, which includes considerations for restationing units to States that can better support force structure with personnel.

Additionally, increased emphasis has been placed on maximizing unit training and enhancing training levels which are critical to maintaining the Army National Guard s force capability within the Total Army.

Based on these initiatives, the Director, Army National Guard has set specific mobilization readiness objectives for resourcing high priority units, reinforcing the "first to fight, first to be resourced" concept. Managing all units in a C4 or C5 status toward achieving C3 on projected dates and targets for increases in ARNG resource and training category levels in all units are also quantified by stated objectives.

Equipment shortages continue to adversely impact on bringing a substantial number of ARNG units to a fully sustainable wartime posture. In addition, requirements for new facilities and improvements to existing facilities to accommodate expanding maintenance, security and storage of equipment has outpaced construction funding levels. Equipment shortages and facility construction backlog will be a constraining factor in ARNG units achieving the highest possible levels of readiness.

Overall, the ARNG is in a better posture than in any previous period, however, with slowing of force modernization, sustainment and continued improvements in the ARNG readiness posture requires emphasis on acquiring additional resources from Headquarters, Department of the Army and Congress.

E. FACILITIES

The Army National Guard has undergone significant force structure changes during the past 10 years and has been assigned additional wartime missions. Modernization of supporting facilities is a vital part of total readiness. Policies developed to provide adequate and functional facilities and infrastructure must, at a minimum, maintain the existing inventory and invest in a logical and prudent revitalization construction program. Through such revitalization efforts, the statement is also being made to the State and local community as well as to our Guardsmen and women that the Army recognizes a commitment to the "Citizen-Soldier" by investing in modern facilities where they work and train. In return, such investments have high paybacks in improved morale, productivity, recruiting and retention, as well as improved warfighting readiness.

The backlog of construction needs continues to grow in spite of Congressional assistance to acquire additional facilities beyond those requested in the annual Military Construction programs. Annual funding support of operations and facilities upkeep has declined to the point that existing facilities are fast becoming unserviceable and may require premature replacement. Critical requirements have been identified for 487 armories, 218 maintenance shops, 73 expanded or replaced aviation facilities, 387 ranges and training site improvements and 39 other logistical support facilities.

The fiscal year 1990 Military Construction Budget request of $114 million concentrated on modernized or new training ranges and regional centers, logistical and maintenance facilities for new weapon systems and armories for more intensive home station training to support our expanded missions. These facilities are becoming more complex and more costly to construct and maintain than in the past. The facilities required for aviation training, larger unit maneuver and weapons firing ranges must be compatible with the surrounding environment and available for year around use. Expansion of the local training area concept is a necessity to maximize training opportunities while reducing materiel operating costs. With the Congressionally added projects, the enacted Military Construction program provides $223.49 million included 59 armory projects totalling $86 million, 20 projects for training site cantonment facilities and education centers totalling $31.7 million, 13 weapons ranges totalling $13.8 million, 10 aviation facilities projects totalling $11.1 million, 24 maintenance shops totalling $33.4 million, 7 logistical support buildings costing $7.2 million, 4 projects for miscellaneous facilities and land acquisitions totalling $28.7 million. The remaining $19.1 million were approved for minor construction and planning and design efforts. As part of the authorizations package funding was reduced for the multi-purpose range at Camp Grayling, MI from $14 million to $7 million with language directing the remaining funds required be secured later.

F. INFORMATION MANAGEMENT

The ARNG Information Management Plan (IMP) provides a comprehensive list of 142 major initiatives needed to fully automate the ARNG. In FY90, the ARNG received funding to continue developing applications as identified in the IMP and, in addition planning for and executing the Burroughs to Sperry migration. In FY91, $6.0 million is budgeted to support such IMP initiatives as the migration from the Burroughs to Sperry system, and applications on that system will be started during FY 90.

The ARNG has focused on the transfer of secure information through the upgrade of AUTODIN terminals, the placement of over 800 Secure Telephone Units (STU-III) telephones, and the implementation of an encrypted electronic mail/data transfer system. This focus provides the ARNG the capability to pass critical sensitive information in a timely manner.

G. SAFETY

In FY 89 the ARNG Safety and Occupational Health Program made significant strides in accident prevention. Overall Class A through C ground accidents were down by 30 percent, fatalities were down by 16 percent, Privately Owned Vehicle (POV) accidents were 7 percent less when compared to FY 88 totals. The aviation Class A accident rate was 2.20 per 100,000 flying hours with the Class A-C rate being 7.56, as contrasted to 2.09 and 8.03 Armywide respectively. Significant accident reductions in ground and POV accidents were the direct result of specially targeted campaigns aimed at key task errors. The ARNG implemented the Hazard Communication Program in accordance with Public Law and DoD policy thereby successfully fulfilling the employee "right to know" mandate. Future accident reduction initiatives will further improve combat readiness by avoiding the cost of needless accidents.

V. CONCLUSION

The future holds many challenges and opportunities. In the face of constrained budgets and the reevaluation of national military strategy based on current international political events, the Army National Guard must be willing to change and adapt. We must continue consolidate our gains to maintain the high levels of readiness that have been achieved over the last decade. As changes in national strategy are developed, the ARNG will become increasingly more important in our nation's defense. A combat-ready ARNG throughout the 1990s is an essential element of this strategy and is a cost effective element during this time of constrained resources.

Current budget constraints impede the ARNG from achieving higher readiness levels, and continued cuts will impact on our ability to maintain our current high level of readiness. To continue support of the individual soldier and ARNG units, I want to focus any increases in resources to sustain or increase readiness. To accomplish this, I have established the following priorities: increased full-time manning; increased Operating Tempos; increased participation in training exercises sponsored by both the JCS and Active Army; and increased modernization of our ARNG equipment inventory.

The ARNG is a combat-ready force due to the dedication of all of our soldiers and leaders. The individual soldier has been willing to train extra hours and, when required, to deploy to distant training areas to gain as much expertise as possible on the latest tactics and equipment. The leadership of the ARNG is committed to finding new and innovative ways to train, motivate and provide the best combat ready force in the most cost effective manner.

The Army has been fully supportive of the ARNG as an equal partner and has provided the latest equipment and unparalleled training opportunities. The Congress has been willing to direct the necessary funding to crucial programs which make the ARNG a vital part of the Total Army. The partnership between the ARNG, the Army, and the Congress has worked well to fashion an ARNG fully capable of serving as an "Army on Call" - for this nation's defense. We - The Army National Guard - seek your continued support.

Senator GLENN. Thank you. Anyone else?

STATEMENT OF MAJ. GEN. PHILIP G. KILLEY, DIRECTOR, AIR NATIONAL GUARD

General KILLEY. Sir, I would just like to say, on behalf of the 117,000 men and women in the Air National Guard, which puts us just over 100 percent end strength level at this time, I am happy to testify for them.

We are indeed at our highest level of readiness. Every indicator out there shows that we are ready: our inspection records, our strength levels and, the modern equipment that the Air Force and Congress has ensured that we have. In every way that we measure readiness, the Air National Guard is at its highest level.

As we go into this decade of the nineties and look at the Total Force Study, I am sure that, with the right mission and the right resources, as you stated, sir, the Air National Guard can even do more in our total Air Force.

[The prepared statement of General Killey follows:]

STATEMENT OF: MAJOR GENERAL PHILIP G. KILLEY
DIRECTOR, AIR NATIONAL GUARD
HEADQUARTERS, UNITED STATES AIR FORCE

SUBJECT: FY 91 AIR NATIONAL GUARD POSTURE

Air National Guard

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE, thank you for giving me this opportunity to share our past year's accomplishments and my views on a few of the issues facing the Air National Guard.

The Air National Guard's long and distinguished record of superior service to the Nation is well-known. Capable and reliable in combat and catastrophe, caring and responsible in peace and prosperity, the people of the Air National Guard are superbly trained and motivated mainstream Americans at their best. The Air National Guard is a winning combination of cost-effective combat capability and dedicated men and women from your hometowns and mine.

The Air National Guard entered the decade of the eighties in need of modernization. With the commitment and support of the American people and Congress the Air Guard steadily grew -- both in its size and capability to perform increased missions in national defense. And today, thanks to the vision of our national leadership -- backed by sound investments in modernizing, training, and educating our force -- the Air National Guard enters this new decade as a modern, capable and professional force.

Rapidly evolving world events and their far-reaching implications will present new and even more demands for the Air National Guard. Last year, we could only intellectually debate the possibility of the events of recent weeks and months and their impact on U.S. and global military preparedness. The Air National Guard is ready to meet the pressing challenges -- and the opportunities -- in a more dynamic world.

One challenge is that of resources. On one hand we are being asked to accept new roles and expanded missions. Yet at the same time we are being asked to absorb a share of the budget cuts. We cannot do both. We need more to do more. Larger than any major operating command, the Air National Guard has requested $3.3 billion for FY 91, only 3.4 percent of the total Air Force budget. The reason our budget can be this size is because it contains only those dollars necessary to train our people and perform our day-to-day mission. While the Air Force relies heavily on the Air National Guard to perform essential wartime tasks, we rely heavily on the Air Force to provide us with equipment, training, and management support to perform the mission. The following chart shows our current budget estimates for Fiscal Years 1990 and 1991.

Air National Guard Funding Posture

(Dollars in Millions)

	FY 1989	FY 1990	FY 1991
Operation & Maintenance, ANG	$2,022.0	$2,021.5	$2,175.4
National Guard Personnel, AF	1,033.0	1,058.0	1,089.0
Military Construction, ANG	158.5	199.0	66.5
Total	$3,213.5	$3,278.5	$3,330.9
Guard and Reserve Equipment	$ 399.5	$ 213.6	$ 130.3

The Air National Guard: Americans at Their Best

In peace and in war the Air National Guard is truly Americans at their best. Whether by chance or by direction, members of the Air National Guard were there when needed using their skills to serve the needs of their community and nation.

March 1989: Alaska Oil Spill. The Air National Guard assisted in the massive clean-up efforts that took place in Prince William Sound, Alaska. Among those missions performed by Guard members during the crisis were communications, air operations for both military and civil air traffic at Valdez Airport, aircraft, refueling, and aviation support. Also, the Air Guard committed much needed equipment to accelerate the clean-up effort and help minimize environmental damage.

July 1989: United Airlines Flight 232. Within minutes of the fiery crash landing of the United Airlines DC-10, men and women of the Iowa Air National Guard were on the scene to provide fire and rescue teams, medical personnel and volunteers ready to assist in rescue operations.

September 1989: Hurricane Hugo. Assistance to victims assailed by this devastating tropical storm included 16 Air National Guard flying units from 14 states. Air Guard cargo aircraft airlifted over 1,300 tons of food, fuel, water, shelters, medical supplies, and military equipment to hurricane victims in Puerto Rico and the U.S. Virgin Islands.

October 1989: Gunsmoke 1989. The first place victory of Air National Guard F-16s in the Air Force's worldwide fighter gunnery competition is a clear testimony to our capability. The men and women of the 169th Tactical Fighter Group at Columbia, South Carolina, flying the earlier model F-16A/B, demonstrated to the world that Air National Guard units are well trained and dedicated to fighting and winning.

October 1989: San Francisco Earthquake. Within the first hour of the quake, every unit in the California National Guard was alerted for possible activation. Those units activated assisted civil authorities in helping to preserve life, safeguarding health and property, and in sustaining essential public services. Air Guard medical, engineer, security police and flying units were called to provide support to victims and communities hit hardest by the earthquake. Other emergency services included water supplies, showers, tents and food for homeless victims as well as operating food banks and distribution centers for donated supplies.

December 1989: Operation Just Cause. Air Guardsmen from the 180th Tactical Fighter Group, Toledo, Ohio, and from the 114th Tactical Fighter Group, Sioux Falls, South Dakota, provided air support for ground forces with 140 A-7 close air support sorties as part of the Coronet Cove rotation to Panama. Seven C-130s from four Air National Guard units flew 97 sorties airlifting 416 tons of cargo and 2,395 people, including medical evacuation flights of injured soldiers, sailors, and airmen to medical facilities in Texas. The 172nd Military Airlift Group (MAG) from Jackson, Mississippi, flew 87 C-141 sorties carrying 931 people and 320 tons of cargo to Howard AFB, Panama. The 105th MAG from Stewart ANGB, New York flew 49 C-5 sorties, airlifting 637 people and more than 1,000 tons of cargo.

All volunteer, all citizen airmen, day-in and day-out, our men and women have shown a great sense of national pride, patriotism, and community responsibility. The Air National Guard has again proven itself a world-class military organization.

Training

Aircrews train at formal schools, during exercises and deployments, and at home station. This provides a flexible response to our demanding FY 90 and FY 91 conversion training requirements.

Active participation in overseas deployments, scheduled rotations, special assignment and augmentation airlift missions, joint services, Composite Force, theater, flag exercises, and day-to-day active Air Force requirements provide realistic training across the complete spectrum of Air Guard missions that sustain our warfighting capabilities. In Fiscal 1989, for example, 252 Air Guard units participated in deployments to more than 35 countries. In FY 90, 220 deployments have been forecasted, and in FY 91 we will continue a strong deployment program.

Joint training and support for the U.S. Army are high priorities. We expect our recently established operating location at McChord AFB, Washington to enable us to expand our training opportunities with the Army at Fort Lewis.

Tactical Communications

Fifty-four Air National Guard units represent almost two-thirds of total Air Force combat communications capability. This capability ranges from high frequency, single channel and multi-channeled satellite communications to a full range of telephone, record communications, and air traffic control and landing services.

Air Force and JCS-sponsored exercises both stateside and overseas gave our 7,000 combat communicators "hands-on" experience in simulated crisis and wartime contingencies. Ten out of twelve units inspected during Operational Readiness Inspections (ORI) received Outstanding or Excellent ratings.

The Total Force policy has been instrumental in solidifying the relationship between active duty and Air National Guard combat communications communities. Equipment modernization within Air National Guard combat communications units has been the key to improved Total

Force combat communications capabilities and readiness. New equipment, along with new technologies, provides learning challenges that our units have eagerly accepted. It is imperative that our communications requirements be funded to meet global taskings.

More than half of the Air Force's Engineering Installation (EI) capability is found in the Air Guard's 19 EI squadrons. These highly mobile, independent teams support the full range of worldwide installations and upgrades. They participate in major European exercises to test their wartime capability to provide mission-essential repairs, relocations and installations.

The NATO Airbase Satellite mission is new to the Air National Guard communications community. Three newly organized squadrons provide the United States and its NATO partners a survivable, jam-resistant, secure command and control satellite communications system.

Medical

The medical service of the Air National Guard consisting of 101 separate units (91 medical and 10 aeromedical evacuation), has made significant advances in readiness. The Air National Guard has been tasked with more than one-half of the U.S. Air Force's capability to respond to second echelon field medical requirements. It will directly involve nearly 4,800 Air National Guard medical personnel. Worldwide deployments and exercises, and routine mission taskings provide our people valuable training opportunities that keep them proficient.

The Air National Guard medical service has been fortunate in the ability to secure additional health care providers while maintaining a better than 80 percent assigned strength.

Civil Engineering

Air National Guard engineering and services units composed of more than 16,000 competent, dedicated airmen reached their highest ever readiness level in 1989. They participated in over 172 training deployments within the United States and abroad. These included first-time deployments to Denmark, Norway, and Israel. They aided in hurricane relief efforts in the Caribbean and the Carolinas, humanitarian and civic action projects in Central America, drug interdiction support, oil spill cleanup in Alaska, and in earthquake relief in the San Francisco area. Each of these efforts allowed our people to hone valuable combat essential skills.

Once again in FY 89, we exceeded the first year funding execution goal of 95% for military construction. Our military construction execution rate was one of the highest in the Department of Defense. Our FY 91 military construction program includes new mission projects and addresses our most critical current mission needs; however, it will not meet all our requirements. The reduction in the FY 91 military construction program will limit our capability to satisfy our most critical energy and environmental needs and provide necessary upgrades to an aging $10.3 billion physical plant. The Air National Guard's dynamic environmental program will be adversely affected by reductions in the military construction program. In addition, our backlog of military construction and maintenance and repair projects will continue to grow.

Logistics

Manpower shortages, funding limitations, and significant training demands associated with weapon system conversions or modernizations are stressing our logistics community's ability to maintain a high state of readiness. Nonetheless, the Air National Guard continues to upgrade its capability to rapidly deploy and sustain its forces in a combat environment.

Our modernization program, which includes both newer airframes and avionics system upgrades, has produced significant enhancements in RF-4C, F-4E, F-16A/B, and KC-135E aircraft. Navigation weapons delivery systems in our RF-4 inventory greatly enhance wartime capability. The F-16A/B air defense fighter modification provides improved radar, communications, and AIM-7 missile capability. The KC-135E state-of-the-art autopilot system has improved safety during aerial refueling and reduced maintenance requirements.

Spare parts shortages remain a paramount concern to us, particularly as older equipment requires more and more attention and as newer model aircraft are introduced into the Air Guard inventory.

Modernization Program

Earlier I referred to the Air National Guard as "Americans at Their Best," top-notch members of a modern militia. Their efforts and yours have helped us earn community support and the reputation we enjoy nationally and around the world. We place the greatest emphasis on ensuring that our people are well-trained and weapon systems are mission-capable. We have developed tailored training systems for our F-15 and F-16 units. We continue to modernize with state-of-the-art tactical airlift and air-rescue aircraft, and increase our tanker capability with additional KC-135E aircraft.

It is essential that we continue to increase our warfighting capability at an affordable price with programs such as the F-15A/B Multi-Staged Improvement Program, F-16 enhanced survivability modifications and the enhanced F100-220E engine for the F-15/F-16.

Through Congressionally provided equipment funds, the Air National Guard continues to modernize its flying forces with state-of-the-art tactical airlift aircraft (8 C-130Hs in 1988; 14 C-130Hs in 1989), air-rescue aircraft (16 MH-60Gs and 2 HC-130Ns in 1988), and mission support systems. These new aircraft, combined with Active and Air Force Reserve assets, provide a greater, more rapid response capability than ever before. As I stated earlier, this was aptly demonstrated during Operation Just Cause in Panama as Air National Guard airlift forces played an important role in that operation.

Drug Interdiction and Law Enforcement Support

Individually and collectively the ANG and its members are committed to a drug-free America and are making significant contributions to help rid our nation of illegal drugs. We are relying on the capabilities of our air defense units to intercept and identify unknown aircraft entering U.S. airspace. Together with the Army National Guard, the Air Guard has performed a wide variety of missions including security police support of federal law enforcement officials in the search of commercial cargo for illicit drugs, photo reconnaissance, radar operations to identify/monitor aircraft and training in other highly specialized areas.

Together with Air Force and other DOD components, the Air National Guard continues to support the war against drugs with one deployed radar site and will support three sites when needed. Congress has given the Air National Guard an additional 25 manpower positions to provide better support and communications in our efforts. The continued support of the

Congress along with our increased emphasis at all levels of command will help our nation win this war.

Personnel

The following chart depicts the changes in Air National Guard personnel between FY 90 and FY 91:

Air National Guard Personnel Summary

	FY 1990	FY 1991	Program Change
Military End Strength	116,200	116,300	+100
(Drill)	(107,683)	(107,832)	(+149)
(AGR)	(8,517)	(8,468)	(-49)
Civilian End Strength			
Technicians	24,310	23,949	-361
Title V	1,991	2,021	+30

Our members average more than 12 years of experience and are better educated than ever before. The quality of our mix of experience and education is reflected in the results of readiness and effectiveness inspections conducted by the active Air Force when over 52% of our units earned either Outstanding or Excellent ratings. Of special note, Master Sergeant Stephen C. Woodard, a member of the Idaho Air National Guard at Gowen Field, Boise, Idaho, was chosen as one of the Air Force's Twelve Outstanding Airmen of the Year. This prestigious honor came as a result of Sergeant Woodard's work in updating and improving the survivability of the RF-4C Phantom II.

The high education level of our members is increasingly due to the opportunities made available through the Montgomery G.I. Bill. The continued funding of this important legislation has been a tremendous boost to the quality of our work force and the increased capabilities that result.

With the added requirements and missions assigned to the Air National Guard we require our force to grow. In FY 89 we exceeded our recruiting goal for the year when we experienced a net gain of 840 members. Our authorized end strength for FY 90 is 116,200, and we should experience no difficulty in reaching that number early in the fiscal year. Despite our success in achieving total membership, we continue to have problems in manning a few traditionally hard to fill or critical skill vacancies. Continued authorization of our bonus and incentive programs is needed to attract members into critical skill positions.

The high degree of readiness evident in the Air National Guard is due in large measure to the capabilities of our full-time work force. Complementing the skill of our traditional guardsmen they sustain the day-to-day operation of all our units, and the planning of effective training for our traditional guardsmen. In FY 90 this force consists of 24,310 military technicians and 8,517 Active Duty Guard/Reserves (AGRs). The requested levels for FY 91 reflect a small decrease in both programs due to force structure changes. Should future additional missions or responsibilities be assigned to the Air National Guard, then necessary manpower resources must also be included. In my last statement, I identified to you a serious problem in the area of controlled grade authorizations for our AGR program. You responded by studying our concern and included in the FY 90 Authorization Act the increased quotas we needed to initially maintain the AGR program as a viable career program. We thank you for your prompt action. As this relatively new program continues to mature, it will be necessary to continually review these allocations to insure that the minimum grades needed to sustain this essential full-time program are available. We are equally concerned that our military technician program remains a viable program providing good career opportunities for our best people. To do this, our men and women must be adequately and fairly compensated for the work performed. Our military technicians have always been and must continue to be the backbone of our full-time force.

Our retention statistics continue to be the envy of other reserve components. We have established an ambitious goal of retaining 90% of our members who have fewer than 20 years of satisfactory service. In FY 89 we retained 89.7%, a truly remarkable achievement. This high rate of retention is cost-effective as the expense of training replacements is drastically reduced. The Montgomery G.I. Bill has also contributed to our retention capability -- providing additional force stability. Congressional support of pay and allowance enhancements and continued funding of exercises and deployments are also integral factors in motivating and retaining our members.

Our successes in the Air National Guard are built on a foundation of highly trained, capable personnel. We are tremendously proud of the men and women who belong to our organization and solicit your continued support in maintaining those programs we need to recruit, train, and to retain quality personnel.

Summary

In summary, let me say that in our zeal to reduce costs we risk the loss of unique and hard-won capabilities that should be kept viable. We are indebted to those citizen-soldiers who have gone before us and we must vigilantly guard against compromise, foolhardiness, or weakness of resolve in the face of new and uncertain challenges.

The Air National Guard -- an American success story -- is a bargain for the taxpayer, functioning as an ever-present state militia and as an integral element of global combat power. The cost-effectiveness of the Air National Guard offers a significant peace dividend of its own. The men and women of the Air Guard working daily across America reinforce our nation's values and military consciousness.

I believe we have a clear strategy established for the Air National Guard of the nineties -- a strategy that takes full advantage of our strengths as a cost-effective force; a strategy that capitalizes on our unique economies and capabilities; and a strategy fully integrated with a corps of dedicated, highly trained professionals, modern and effective equipment, and a resource commitment that insures sustainability. May we continue to merit the confidence, the hope and the trust our nation has placed in us.

Senator GLENN. General Ward.

STATEMENT OF MAJ. GEN. WILLIAM F. WARD, USAR, CHIEF, ARMY RESERVE

General WARD. Mr. Chairman, thank you for letting me be here on behalf of the 600,000 citizen-soldiers of the Army Reserve and the 124,000 retirees for which we are responsible. I am proud to be here to talk about the fiscal year 1991 budget. We have an increase in RPA of $136 million, which does not keep pace with inflation, and, accordingly, because of that and Gramm-Rudman-Hollings sequestration, we will by the end of fiscal year 1990 drop the number of drilling reservists from 291,000 to 281,000 and remain at that level through fiscal year 1991.

In the OMAR area we have an $18 million increase in an $890 million budget, which is again below the level of inflation.

The level of Army Reserve equipment on hand continues to improve—thanks to the dedicated procurement program, and, as of last fall it had risen to 59 percent. It has climbed rather significantly since then, thanks to the normal Army procurement and the dedicated procurement program.

With respect to readiness, we are at our highest state ever. In October 1985, the number showed 35 percent of all Army Reserve units being ready. I cannot provide the exact current number, because of the prohibition against releasing classified information in an open hearing, however, I can tell you it is more than double the 35 percent figure.

At the end of last September, the medical corps Army Reserve physical billets were 94 percent filled and nurse billets were 89 percent. I expect that during this fiscal year we will achieve a 100 percent full level for doctors, and we would have had similar successes with our nurses had it not been for the Gramm-Rudman-Hollings sequestration, which is giving us, quite frankly, a fit in managing readiness at this time.

In sum, Mr. Chairman, as I complete my testimony before you for the 4th year in a row, and perhaps the last year, I am confident that the missions assigned to the Army Reserve, if properly resourced, can be executed in a way which meets the needs of this Nation and the intent of Congress.

We thank you.

[The prepared statement of General Ward follows:]

PREPARED STATEMENT BY MAJ. GEN. WILLIAM F. WARD

CHIEF, ARMY RESERVE OFFICE

CHIEF, ARMY RESERVE, DEPARTMENT OF THE ARMY

Mr. Chairman and Members of the Committee:

I am pleased to be here today representing the more than 600 thousand citizen-soldiers of the Army Reserve and the more than 124 thousand retirees with hip pocket orders, to present the Fiscal Year 1991 Reserve Personnel, Army (RPA) and Operation and Maintenance, Army Reserve (OMAR) appropriation requests.

As we enter the 1990's, both the Army Reserve and the Total Army, of which it is an integral part, are confronted with unprecedented changes in the world and in strategic defense requirements. These changes have produced a climate that requires a fresh analysis of the size, structure, mix, mission, and stationing of defense forces worldwide. Although the analysis is not complete, we certainly will see a smaller Army that may well be more confined to American territory. This will undoubtedly necessitate corresponding changes in the Army Reserve and the role it plays in the Total Force, particularly in providing support units and rounding out the active force. Reserve forces are particularly well suited to meeting contingencies and augmenting active component units. A prime example is the superb performance of Reservists in Panama in Operation JUST CAUSE. Given the reductions in Army Reserve personnel that have occurred as a result of fiscal constraints, and considering the further potential reductions imposed by future Gramm-Rudman-Hollings cuts, keeping our reserve force highly trained and effective is essential.

We are all facing unique political and strategic challenges in the face of declining resources. Dealing with uncertainty and turbulence will without any doubt dominate the agenda of the Army Reserve and the Total Army. However, we fully expect the Reserve to remain an essential element in the planning for contingencies. We also are particularly well suited to perform the role of managing the transition of soldiers departing the active component in a downsized Army.

The Reserve Personnel Army (RPA) budget request for Fiscal Year 1991 is for $2.3 billion, an increase of $136 million over the Fiscal Year 1990 amount. It supports a selected Reserve end strength of 309,200 (the same as our sequestered Fiscal Year 1990 end strength, and 10,000 less than Fiscal Year 1989's end strength). The savings generated in Fiscal Year 1991 by this strength reduction will allow for some improvement in training support. Troop program unit end strength for the Army Reserve was 290,000 at the end of Fiscal Year 1989. By the end of Fiscal Year 1990, this number of drilling Reservists is expected to decline to 281,000 and remain at that level throughout Fiscal Year 1991; however, we will be able to meet our current mission requirements with this number.

Beginning with Fiscal Year 1991, we must make difficult choices between retaining existing structure and activating programmed structure in the face of constrained funding. We will predicate our decisions upon an objective analysis that structures a USAR force that best meets both warfighting and contingency requirements of the 1990's.

Given the recent unprecedented events in Europe and Central America, foretelling all of the ramifications facing the Army is almost impossible. However, this uncertainty makes maintaining the Reserves readiness all the more essential. The single most essential factor in determining Army Reserve readiness is full time support. Full time support personnel allow drilling Reservists to spend their limited training time actually training by administering, planning, and performing maintenance and logistical functions for their units. AGR personnel also provide commanders increased flexibility to perform their missions because of their availability as a 24-hour asset, specialty training, and relocation to meet worldwide Army Reserve requirements. It is the presence of full time support personnel, especially our AGR soldiers, that has allowed the Army's leadership to assign increased missions confidently to its reserve components.

The relatively small number of AGRs and other full-time support personnel successfully enables reserve component units to replace more expensive active component units. In this sense, the investment in AGRs and Army Reserve technicians is particularly prudent. In terms of the Total Army's ability to expand its mobilization and readiness capacity, the return on this investment is especially significant in these days of severely constrained budgets.

The Individual Ready Reserve (IRR) is the Army's principal source of trained military personnel to serve as replacements or filler personnel for both active and reserve component units. Supporting the Total Army, the IRR constitutes the nation's largest pool of deployable and trained manpower. IRR strength has grown from 213,000 in Fiscal Year 1981 to a Fiscal Year 1989 end strength of over 274,000. However, as the result of downsizing the active Army and the effects of the 8-year military service obligation, the IRR is expected to grow to 431,965 by the end of Fiscal Year 1991.

During Fiscal Year 1989, Army Reserve units and soldiers participated in a wide variety of training activities that improved readiness and our ability to support augmentation and contingency operations. Approximately 1,400 Army Reserve units/cells comprised of almost 18,000 soldiers participated in overseas deployment training. Over 28,000 Individual Ready Reserve soldiers (18,286 officer and 9,930 enlisted) performed annual training, active duty for training, or active duty for special work tours. 56,153 IRR soldiers (11,066 officer and 45,087 enlisted) reported for one day of active duty as part of the IRR screening program. Approximately 2,000 Army Reservists volunteered for active duty in support of Operation JUST CAUSE in Panama.

The Fiscal Year 1991 request also includes $56.2 million for incentives and $12.5 million for education benefits. These programs are a major element in maintaining our unit strength and in fulfilling mission requirements. The incentive program pays a variable bonus to persons enlisting in the Army Reserve in specific critical skills or high priority units, and it reduces critical skill shortages in both troop program units and the IRR. The education benefit program helps build a stronger, smarter Army Reserve. These programs are complementary and both are essential to attaining our strength goals. Of particular importance are the Montgomery G.I. Bill and its "2 X 2 X 4" option. It is attractive to both members of the civilian community and soldiers departing the active component, and the education it provides benefits both the Army and the national economy. Furthermore, our overall success in bringing these active component soldiers into the Army Reserve shows how well we can perform the increasingly important task of transition management.

The OMAR budget request for Fiscal Year 1991 is for $890 million, an increase of $18 million over Fiscal Year 1990. This amount will be adequate to support an existing level of readiness although the impact of inflation and pay raises limits our ability to make improvements.

The level of Army Reserve equipment on hand continues to improve. Since Fiscal Year 1981, the Army Reserve has received approximately $1.5 billion of equipment from the combination of the Dedicated Procurement Program and normal Army procurement, and we are grateful for the Congressional support that is responsible for the funding of these equipment purchases. It has substantially improved Army Reserve training and mission capabilities.

Continued concern must focus on problems in our $63.6 million dollar Fiscal Year 1990 maintenance and repair backlog. The gap between our requirements for facilities and our ability to fund these requirements continues to widen. Because of this, your continued support of our facilities budget is essential for us to maintain Reserve readiness and to prevent any exacerbation of an Army Reserve construction backlog approaching $2.4 billion dollars.

In sum, there has been significant progress in many areas of the Army Reserve's operations. While the uncertainties of the years ahead present many challenges, I remain fully confident the Reserve Components, properly staffed, resourced, and trained can continue to do the jobs and accomplish the missions assigned to them. Furthermore, by virtue of their being part-time, the citizen soldiers of our reserve forces are, in these days of tight budgets, the best bargain in DoD. Your continued help and support is absolutely necessary if we are to continue to meet the requirements of today's rapidly changing world.

Senator GLENN. General, give me the doctors and nurses figures again there, that you are manned up to what?

General WARD. Ninety-four percent in the selected Reserve requirements for doctors and 89 percent for the Army Nurse Corps.

Senator GLENN. Okay. Anyone else have a statement?

STATEMENT OF MAJ. GEN. ROGER P. SCHEER, USAFR, CHIEF, AIR FORCE RESERVE

General SCHEER. Yes, sir. I too would like to thank you for the opportunity, Senator, to appear before this subcommittee and tell you, as our Air Guard counterparts mentioned, we too are at the highest level of readiness we have ever been. Over 99 percent of our units are combat-ready, and not just in the combat-ready category, but when you look at retention, recruiting, any way you want to cut it, readiness has never been higher.

We had over 40,000 of our people participate in some kind of exercise, humanitarian or nation-building, last year. And I think Just Cause proved how the Air Force is utilizing the total force, in that we had a significant portion of the strategic airlift.

Our people responded within 24 hours after request. We were a big part of the strategic airlift, and a big part of the gunship mission. We are ready to go, ready to do whatever jobs we are tasked, and, as I said, we can respond in a very short period of time.

We owe a great deal of thanks to the Congress, your committee specifically, to our reservists, to their families, and the unsung heroes, the employers of our reservists, who have allowed an unprecedented amount of participation by our people.

We have no doubt that the readiness that we enjoy today will be with us long into the future.

Thank you, sir.

Senator GLENN. Thank you. Anyone else?

STATEMENT OF REAR ADM. JOHN N. FAIGLE, CHIEF, OFFICE OF READINESS AND RESERVE, U.S. COAST GUARD

Admiral FAIGLE. Good morning, Mr. Chairman. I am Admiral John Faigle. I am Chief of Coast Guard Office of Readiness and Reserve. I have an abbreviated statement which I will abbreviate even further in the sake of time.

The Coast Guard Reserve has again in just this last year risen to the challenges placed upon it. Joint service and NATO fleet and command post exercises, the Alaskan and Rhode Island oil spills, Hurricane Hugo, and the San Francisco earthquake, each displayed the Coast Guard Reserve's exceptional ability to provide well-trained personnel to supplement the skills of the active Coast Guard in responding to any and all military tasking, natural disasters, and domestic emergencies.

Of course, my full statement provides a more complete description of the extent and variety of ways in which the Coast Guard Reserve responded to a number of national crises in 1989.

However, what is important to note is the fact that trained reservists were able to augment the capabilities of our Active forces in these diverse mission areas quickly. This attests not only to the effective training and dedication of our Coast Guard reservists, but also to the benefits gained from fully integrating Reserve and Active duty forces in a wide variety of forces.

Coast Guard contingency preparedness plans for natural disasters, civil emergencies, regional crises, low intensity conflict, on through to conventional war are being refined to meet the challenges of the 1990s.

The very essence of our economy and the lifeblood of our Nation are directly dependent upon the commerce supported by our navigable waters. Consequently, the efficient control and safety of those ports and the key assets that abound in our waterways and coastal approaches are paramount to our national security.

That is all I have. Thank you, Mr. Chairman.

[The prepared statement of Admiral Faigle follows:]

STATEMENT BY
REAR ADMIRAL JOHN N. FAIGLE
CHIEF, OFFICE OF READINESS AND RESERVE
U. S. COAST GUARD

GOOD MORNING MISTER CHAIRMAN, AND MEMBERS OF THE SUBCOMMITTEE:

I AM REAR ADMIRAL JOHN FAIGLE, CHIEF OF THE OFFICE OF READINESS AND RESERVE, UNITED STATES COAST GUARD. I AM PLEASED TO HAVE THIS OPPORTUNITY, MY FIRST SINCE ASSUMING THESE DUTIES, TO PRESENT TO YOU A BRIEF OVERVIEW OF THE COAST GUARD RESERVE AND TO CONVEY TO YOU OUR READINESS TO MEET NATIONAL SECURITY TASKINGS.

THROUGHOUT 1990 THE COAST GUARD WILL BE CELEBRATING ITS 200TH YEAR OF SERVICE TO THIS COUNTRY, WITH THE 50TH ANNIVERSARY OF THE COAST GUARD RESERVE OCCURRING THE FOLLOWING YEAR, ON FEBRUARY THE 19TH, 1991. WE ARE PROUD OF OUR ILLUSTRIOUS HERITAGE AND OUR CONTINUED PERFORMANCE AS PERHAPS THIS NATION'S MOST UNIQUE ARMED FORCE. FOR ALMOST FIFTY YEARS THE COAST GUARD RESERVE HAS PLAYED AN INVALUABLE ROLE IN SUPPORTING THE MISSIONS OF THE COAST GUARD AND THE NEEDS OF THE PUBLIC.

IN ADDITION TO OUR REQUIRED STATUTORY FUNCTIONS ENFORCING A VARIETY OF THIS NATION'S LAWS, PROTECTING ITS ENVIRONMENT, AND ENSURING COMMERCIAL VESSEL SAFETY, AND SAFETY OF LIFE AT SEA, THE COAST GUARD HAS A SIGNIFICANT ROLE IN SUPPORT OF THE NAVY AND THE UNIFIED AND SPECIFIED COMMANDERS WITHIN THE DEPARTMENT OF DEFENSE. OUR MULTI-MISSION CAPABILITY OVER THE ENTIRE CRISIS SPECTRUM ENABLES THE COAST GUARD TO FULFILL ITS STATUTORY MISSIONS WHILE AT THE SAME TIME HONING ITS SPECIALIZED MILITARY CAPABILITIES. IN FACT, MANY OF THE COAST GUARD'S CONTINGENCY CAPABILITIES ARE JUST EXTENSIONS OF OUR PEACETIME PROGRAMS, AND OUR PEACETIME MODE OF TRAINING OPTIMIZES THE FAMILY OF SKILLS THAT EACH RESERVIST WILL NEED WHEN MOBILIZED.

STATUTORY MISSIONS

THE EFFORTS OF THE COAST GUARD AND ITS RESERVE ARE FULLY CONSISTENT WITH THE SECRETARY OF TRANSPORTATION'S RECENTLY ISSUED NATIONAL TRANSPORTATION POLICY AND ARE ORIENTED TO ENSURING THE SAFETY OF MARITIME TRANSPORTATION. COAST GUARD OPERATIONS IN THE SPHERE OF MARITIME SAFETY ARE CRITICAL TO THE MAINTENANCE OF A STRONG NATIONAL ECONOMY; OUR AIDS-TO-NAVIGATION ARE USED FOR THE SAFE OPERATION OF SHIPS AND AIRCRAFT AROUND THE WORLD; THE COAST GUARD'S PORT SAFETY AND SECURITY PROGRAMS REDUCE THE POTENTIAL FOR LOSS OF LIFE AND THE DESTRUCTION OF PORT FACILITIES; AND COAST GUARD PATROLS IN PORTS AND HARBORS REDUCE THE POTENTIAL FOR DISRUPTION RESULTING FROM ACCIDENTAL OR MALICIOUS ACTIVITY. THE ROUTINE DAILY OPERATIONS OF COAST GUARD CUTTERS, SMALL BOATS AND AIRCRAFT WITHIN THE U.S. MARITIME REGIONS PLAY AN IMPORTANT ROLE IN OUR NATIONAL SECURITY.

IN THE INTERNATIONAL ARENA, THE COAST GUARD'S FREQUENT INTERACTION WITH OTHER NATIONS ALLOWS US TO EXHIBIT, FOR CONSIDERATION AND INTEGRATION INTO THEIR MARITIME FORCES, SIGNIFICANT ADVANCES IN THE AREAS OF MARITIME SAFETY, SEARCH AND RESCUE PROCEDURES, AND LAW ENFORCEMENT TECHNIQUES. COAST GUARD TRAINING TEAMS, WHICH OFTEN INCLUDE RESERVISTS SERVING ON ACTIVE DUTY, THUS WORK TO HELP ESTABLISH OR IMPROVE THE CAPABILITIES OF FOREIGN COAST GUARDS AND NAVIES IN MANY OF THE DEVELOPING COUNTRIES OF THE WORLD.

RECENT LAWS AND POLICY DETERMINATIONS HAVE EXPANDED THE ROLE OF THE COAST GUARD AS THIS NATION'S PRIMARY MARITIME LAW ENFORCEMENT AGENCY. COAST GUARD RESERVISTS HAVE MADE DRUG SEIZURES AND FLOWN DRUG SURVEILLANCE MISSIONS, SIGNIFICANTLY EXPANDING THE CAPABILITY OF OUR REGULAR COMPONENT TO CONDUCT PRIORITY LAW ENFORCEMENT ACTIVITIES.

CONTINGENCY PREPAREDNESS

IT IS IN THE EXPANSION OF COAST GUARD FORCES IN A CRISIS THAT THE COAST GUARD RESERVE PLAYS PERHAPS ITS MOST VITAL ROLE. THE COAST GUARD IS REQUIRED BY TITLE 14 OF THE U. S. CODE TO MAINTAIN A STATE OF READINESS TO FUNCTION AS A SPECIALIZED SERVICE. WE ARE ALSO TASKED, UNDER TITLE 14, WITH COOPERATING WITH OTHER FEDERAL AND STATE AGENCIES TO PERFORM ACTIVITIES FOR WHICH OUR PERSONNEL AND FACILITIES ARE ESPECIALLY QUALIFIED. THUS, COAST GUARD CONTINGENCY PREPAREDNESS PLANS FOR NATURAL DISASTERS, CIVIL EMERGENCIES, REGIONAL CRISES, LOW INTENSITY CONFLICT, ON THROUGH TO CONVENTIONAL WAR, ARE BEING REFINED TO MEET THE CHALLENGES OF THE 1990s.

THE COASTAL DEFENSE MISSION OPTIMIZES THE COAST GUARD'S RESOURCES, KNOWLEDGE, EXPERIENCE AND CAPABILITIES, BY COMBINING THEM WITH THE RESOURCES OF SPECIALLY-TRAINED NAVY ACTIVE AND RESERVE UNITS, IN THE EVENT THAT CONTINGENCY OPERATIONS BECOME NECESSARY IN THE COASTAL AREA.

MARITIME DEFENSE ZONES

IN 1984, THE SECRETARIES OF THE NAVY AND TRANSPORTATION ENTERED INTO A MEMORANDUM OF AGREEMENT WHICH ESTABLISHED THE FRAMEWORK FOR THE ORDERLY CONTROL AND SECURITY OF THIS NATION'S CRITICAL PORTS AND WATERWAYS, WHICH TIE OUR COUNTRY ECONOMICALLY TO THE REST OF THE WORLD. THIS IMPORTANT COMMAND STRUCTURE -- WITH TWO MARITIME DEFENSE ZONES (MDZ), ONE FOR THE ATLANTIC AND GULF COASTS, AND THE OTHER FOR THE PACIFIC COAST, ALASKA AND HAWAII -- IS JUST AS INEXTRICABLY INTERWOVEN WITH THIS NATION'S FUTURE NATIONAL MARITIME STRATEGY NOW AS IT WAS UPON ITS INCEPTION. THIS IS TRUE FOR TWO REASONS:

FIRST, THE VERY ESSENCE OF OUR ECONOMY, AND THE LIFEBLOOD OF OUR NATION, ARE DIRECTLY DEPENDENT UPON THE COMMERCE SUPPORTED BY OUR NAVIGABLE WATERS. CONSEQUENTLY, THE EFFICIENT CONTROL AND SAFETY OF THOSE PORTS AND THE KEY ASSETS THAT ABOUND IN OUR WATERWAYS AND COASTAL APPROACHES, ARE PARAMOUNT TO OUR NATIONAL SECURITY. EVEN IN LOW INTENSITY CONFLICTS OR OTHER CONTINGENCIES, THE ORDERLY MOVEMENT AND PROTECTION OF WATERBORNE EQUIPMENT, PERSONNEL AND SUPPLIES CAN BEST BE ACCOMMODATED BY IMPLEMENTING THE MDZ COMMAND INFRASTRUCTURE.

SECOND, UNDER THE UMBRELLA OF THE MDZ IS THE LINKAGE THAT HAS PROVIDED THE COAST GUARD AND NAVY WITH THE OPPORTUNITY TO WORK CLOSELY IN SPECIALIZED JOINT OPERATIONS AND TRAINING. THE CHARTER OF THE MDZ COMMANDS IS PREDICATED ON PLANNING AND EXERCISING ACTIVE AND RESERVE FORCES OF BOTH SERVICES. AS AN EXAMPLE, THE MDZ HAS PROVIDED AN ADDITIONAL FRAMEWORK FOR CLOSE COOPERATION BETWEEN THE COAST GUARD AND NAVY IN EXECUTING THE CONGRESSIONALLY-MANDATED ROLE OF DOD IN DRUG INTERDICTION EFFORTS. SPECIFICALLY, INTELLIGENCE (DETECTION AND MONITORING) AND COMMUNICATIONS HAVE BEEN CONDUCTED IN A SUCCESSFUL PARTNERSHIP.

THE COAST GUARD RESERVE'S ROLE IN MDZ IS A MAJOR ONE. RESERVISTS PROVIDE ALMOST 85% OF THE COAST GUARD'S MDZ-RELATED PERSONNEL REQUIREMENTS. AS A RESULT, A SIGNIFICANT PORTION OF RESERVE TRAINING IS DIRECTED TOWARD ITS ROLE IN PORT SECURITY UNDER THE MDZ.

TRAINING

THE CORNERSTONE OF THE COAST GUARD RESERVE TRAINING PROGRAM REMAINS THE CONGRESSIONALLY-MANDATED AUGMENTATION TRAINING. THIS TRAINING SUPPORTS THE DEVELOPMENT OF SKILLS NECESSARY TO MEET THE

COAST GUARD RESERVE'S CONTINGENCY PREPARATIONS WHILE MEETING STATED NEEDS OF THE ACTIVE COAST GUARD. APPROXIMATELY 12,000 COAST GUARD SELECTED RESERVISTS PROVIDE NEARLY 2.6 MILLION MAN-HOURS OF RESERVE DUTY ANNUALLY, PERFORMING A VARIETY OF COAST GUARD MISSIONS AND SUPPORT FUNCTIONS. RESERVISTS WORK SIDE-BY-SIDE WITH THEIR ACTIVE DUTY COUNTERPARTS, PROVIDING OPERATIONAL AUGMENTATION TRAINING SUPPORT IN SEARCH AND RESCUE, LAW ENFORCEMENT, PORT AND MARINE SAFETY, PROTECTION OF THE ENVIRONMENT, AND A MULTITUDE OF OTHER COAST GUARD PEACETIME MISSIONS.

FOR YEARS RESERVISTS HAVE MANNED AND OPERATED SEASONAL SEARCH AND RESCUE STATIONS IN THE GREAT LAKES. RECENTLY, THE COAST GUARD RESERVE HAS EXPANDED ACTIVITY IN THIS MISSION AREA BY CONDUCTING SEARCH AND RESCUE SORTIES ON THE COLORADO RIVER WHERE, DURING FISCAL YEAR 1989, THE COLORADO RIVER PATROL PERFORMED 277 BOARDINGS AND PROSECUTED 68 SEARCH AND RESCUE CASES. RESERVISTS ALSO PROVIDE WATERBORNE SECURITY FOR ALL SPACE SHUTTLE LAUNCHES, THE 1984 SUMMER OLYMPICS, AND FOR THE MEETING BETWEEN PRESIDENT REAGAN AND PRESIDENT GORBACHEV HELD AT GOVERNOR'S ISLAND, NEW YORK IN DECEMBER 1988. THESE, HOWEVER, WERE PLANNED OCCASIONS WHERE THE REQUIREMENT FOR RESERVE PRESENCE WAS KNOWN IN ADVANCE. THE COAST GUARD TAKES GREAT PRIDE IN ITS ABILITY TO RESPOND TO THE UNKNOWN -- TO BE ALWAYS READY.

FROM ALASKA TO THE GULF OF MEXICO, FROM SAN FRANCISCO TO RHODE ISLAND'S NARRAGANSETT BAY, THE COAST GUARD RESERVE HAS SHOWN ITS ABILITY TO USE THE SKILLS ACQUIRED THROUGH TRAINING FOR NATIONAL SECURITY TASKINGS TO RAPIDLY MOBILIZE ALONGSIDE ITS ACTIVE DUTY COUNTERPART IN AN EFFORT TO COMBAT ANY ENVIRONMENTAL OR ECONOMIC THREAT TO THE UNITED STATES. WITHIN HOURS OF THE GROUNDING OF THE EXXON VALDEZ AND THE RESULTING OIL SPILL, RESERVISTS WERE REPORTING TO ACTIVE COMMANDS TO ASSIST IN MINIMIZING THE DAMAGE

TO ALASKA'S ECONOMY AND ENVIRONMENT. FROM MID MAY THROUGH THE END OF SEPTEMBER, OVER 300 COAST GUARD RESERVISTS SERVED AS ENVIRONMENTAL PROTECTION SPECIALISTS, RADIOMEN, WATCHSTANDERS, AND ADMINISTRATIVE PERSONNEL, CONTRIBUTING OVER 13,000 MAN-DAYS OF EXPERTISE TO THE CLEAN-UP OF THIS NATIONAL CATASTROPHE.

IN THE CARIBBEAN SEA AND ALONG THE ATLANTIC COAST THE DESTRUCTION WHICH RESULTED FROM HURRICANE HUGO LAST FALL LED TO YET ANOTHER INSTANCE IN WHICH RESERVISTS QUICKLY TOOK POSITIONS ALONGSIDE THEIR ACTIVE DUTY COUNTERPARTS TO EXPAND THE COAST GUARD'S CAPABILITIES. THE SECURITY AND RECOVERY ROLES PERFORMED HELPED RETURN LIFE TO A SEMBLANCE OF NORMALCY IN AREAS DEVASTATED BY THAT STORM. RESERVISTS FROM THROUGHOUT THE SOUTHEAST UNITED STATES CONVERGED ON CHARLESTON, SOUTH CAROLINA, JUST HOURS AFTER THE STORM PASSED, WHILE OTHER RESERVISTS PROVIDED VALUABLE ASSISTANCE IN STORM-RAVAGED PUERTO RICO AND THE VIRGIN ISLANDS.

AT THE WESTERN BOUNDARY OF THE CONTINENTAL UNITED STATES, RESERVE RESPONSE TO THE DISASTER WROUGHT BY THE SAN FRANCISCO EARTHQUAKE WAS IMMEDIATE, WITH RESERVISTS THROUGHOUT THE SAN FRANCISCO BAY AREA PROVIDING SUPPORT TO ACTIVE DUTY COUNTERPARTS IN DAMAGE ASSESSMENT, PORT SECURITY, AND LOGISTICAL AND ADMINISTRATIVE ASSISTANCE.

WHEN THE TANKER WORLD PRODIGY GROUNDED IN NARRAGANSETT BAY LAST JUNE, THREATENING STILL ANOTHER ECOLOGICAL DISASTER, COAST GUARD RESERVE UNITS RESPONDED TO THE CALL FOR VOLUNTEERS.

RESERVISTS PERFORMED A WIDE ARRAY OF TASKS WITH AS MANY AS HALF THE BOAT CREWS ON SCENE BEING RESERVE. QUICK ACTION BY THE COAST GUARD AND OTHER PARTICIPATING AGENCIES HELPED TO PREVENT A MAJOR DISASTER AND PRESERVE THE FRAGILE ECOLOGY OF NARRAGANSETT BAY.

THE FACT THAT TRAINED RESERVISTS WERE ABLE TO AUGMENT THE CAPABILITIES OF OUR ACTIVE FORCES IN THESE DIVERSE MISSION AREAS SO QUICKLY, ATTESTS NOT ONLY TO THE EFFECTIVE TRAINING AND DEDICATION OF OUR COAST GUARD RESERVISTS, BUT ALSO TO THE BENEFITS TO BE GAINED FROM FULLY INTEGRATING RESERVE AND ACTIVE DUTY FORCES IN A WIDE VARIETY OF MISSIONS. A CRUCIAL ELEMENT IN HONING THE SKILLS OF OUR RESERVISTS TO THE CURRENT HIGH STATE OF READINESS IS PARTICIPATION IN THE BROAD SPECTRUM OF INTRASERVICE AND INTERSERVICE READINESS EXERCISES.

EXERCISE PARTICIPATION

IT BECAME APPARENT SEVERAL YEARS AGO, THAT OF THE LIMITED TRAINING TIME AVAILABLE TO OUR RESERVISTS, A CERTAIN PORTION OF THAT TIME WOULD BE WELL SPENT PARTICIPATING IN READINESS EXERCISES. THE JOINT CHIEFS OF STAFF (JCS) PLAN FOR AND EXPECT THE COAST GUARD, AS ONE OF THE ARMED SERVICES, TO PARTICIPATE WITH THE DOD IN JCS DIRECTED EXERCISES. COAST GUARD RESERVE INVOLVEMENT IN READINESS EXERCISES PROVIDES PERHAPS THE ONLY REALISTIC GAUGE OF OUR DEGREE OF MOBILIZATION READINESS.
IN FY89, PARTICIPATION IN JCS AND SERVICE GENERATED EXERCISE PROGRAMS INCLUDED THE EMPLOYMENT OF COAST GUARD FORCES IN THIRTY-SIX FIELD TRAINING EXERCISES (FTX), TWO FLEET TRAINING EXERCISES (FLT EX), AND TEN COMMAND POST EXERCISES (CPX). IN THE JCS EXERCISE, PROUD EAGLE 90, FIFTY MAJOR COAST GUARD COMMANDS PARTICIPATED WITH JCS, THE DEPARTMENT OF TRANSPORTATION, AND OTHER FEDERAL AND CIVIL AGENCIES IN A GLOBAL TEST OF MOBILIZATION PLANS AND PROCEDURES IN AN ESCALATING CRISIS. ALSO OF PARTICULAR NOTE WAS OUR INVOLVEMENT IN FTX PACEX 89. THIS EXERCISE UTILIZED COAST GUARD ACTIVE DUTY AND RESERVE PERSONNEL, BOATS, CUTTERS, AIRCRAFT, AND SHORE FACILITIES FROM CALIFORNIA, WASHINGTON, ALASKA, AND HAWAII. DEVOTING OVER 12,000 MANDAYS, NEARLY FORTY-THREE PERCENT OF ALL COAST GUARD RESERVE PERSONNEL IN THESE FOUR

STATES PARTICIPATED IN EITHER THE EXERCISE ITSELF, OR IN ITS PRE/POST EXERCISE PLANNING AND ANALYSIS SEGMENT. THIS EVOLUTION WAS ACTUALLY A SERIES OF FTX'S COMBINED UNDER ONE UMBRELLA OPERATION WHICH LASTED OVER SIX MONTHS. COMMANDER, PACIFIC AREA UNITS WERE FULLY INVOLVED FOR FOUR WEEKS, PRACTICING MARITIME DEFENSE ZONE (MDZ) OPERATIONS AND TESTING THE CONCEPT OF THE NEWLY FORMED ALASKA COMMAND (ALCOM). THIS WAS THE LARGEST COMBINATION OF U.S. AND NATO FORCES SINCE WORLD WAR II.

COAST GUARD PARTICIPATION IN THESE FIELD, FLEET, AND COMMAND POST EXERCISES IS ESSENTIAL TO ALLOW OUR ACTIVE AND RESERVE FORCES TO BETTER DEFINE INDIVIDUAL ROLES, IDENTIFY STRENGTHS AND WEAKNESSES, AND SUBSTANTIALLY TEST OUR PLANS AND TRAINING FOR BOTH FULL MOBILIZATION AND A BROAD SPECTRUM OF CONTINGENCIES. WE CURRENTLY DEVOTE TWENTY-FIVE PERCENT OF OUR SELECTED RESERVE'S TOTAL ANNUAL ACTIVE DUTY TRAINING (ADT) TIME TO PARTICIPATION IN SUCH EXERCISES. THE USE OF ADT IS NOT GENERALLY FEASIBLE, HOWEVER, FOR THE IMPORTANT NO-NOTICE EXERCISES IN WHICH WE PARTICIPATE. THESE NO-NOTICE INTEROPERABILITY EXERCISES ARE DESIGNED TO ENHANCE OUR ABILITY TO EXECUTE CONTINGENCY PLANS FORMULATED TO RESOLVE A SMALL-SCALE REGIONAL CRISIS ON SHORT NOTICE. GIVEN THE LIKELIHOOD OF COAST GUARD INVOLVEMENT IN EITHER LOW INTENSITY CONFLICTS OR DISASTER RELIEF OPERATIONS WORLD-WIDE, I BELIEVE MORE EMPHASIS SHOULD BE PLACED UPON GREATER COAST GUARD RESERVE PARTICIPATION IN THESE IMPORTANT EXERCISES.

SELECTED RESERVE STRENGTH

CURRENT PLANNING PROJECTIONS FOR THE AVAILABILITY OF TRAINED PERSONNEL DURING THE INITIAL STAGES OF MOBILIZATION SHOW A SIGNIFICANT SHORTFALL. A MAJORITY OF OUR SELECTED RESERVISTS WOULD BE NEEDED IN THE EVENT OF A PRESIDENTIAL ACTION UNDER TITLE 10 U. S. CODE, SECTION 673B. SELECTED RESERVE ON-BOARD STRENGTH AT THE END OF NOVEMBER 1989 WAS 11,985--ONLY FORTY-FOUR PERCENT

OF OUR HIGH PRIORITY MOBILIZATION REQUIREMENT OF 27,500 AND FIFTY-SEVEN PERCENT OF OUR LOW-END CONTINGENCY MANPOWER REQUIREMENT OF 20,850. BY COMPARISON, THE FUNDED LEVELS OF THE DoD RESERVE COMPONENTS ARE AT NEARLY FULL STRENGTH OF THEIR HIGH-PRIORITY REQUIREMENT. OUR FISCAL YEAR 1990 APPROPRIATION DID NOT, IN EFFECT, SUPPORT ANY REAL GROWTH; IN FACT OVERALL COAST GUARD SELECTED RESERVE FUNDED STRENGTH DECLINED SLIGHTLY FROM 12,100 TO 12,050, AS THE RESULT OF THE NEED TO ABSORB THE FY 1990 PAY RAISE AND GRAMM-RUDMANN-HOLLINGS REDUCTIONS. THE FY 1991 PRESIDENT'S BUDGET CONTAINS FUNDING TO FULLY SUPPORT A SELECTED RESERVE STRENGTH OF 12,700. THIS RELATIVELY MODEST INVESTMENT IN GROWTH OF THE COAST GUARD RESERVE WILL PROVIDE THE PUBLIC WITH A DOUBLE RETURN ... A MILITARY FORCE ABLE TO BETTER MAINTAIN THE SAFETY AND SECURITY OF VITAL U.S. PORTS AND WATERWAYS AND AN OPERATIONAL AUGMENTATION TRAINING SUPPORT FORCE WHICH PROVIDES THE COAST GUARD WITH A FLEXIBLE AND RESPONSIVE SURGE CAPACITY TO MEET DAY-TO-DAY OPERATIONAL CONTINGENCY COMMITMENTS.

EQUIPMENT

THE COAST GUARD IS CONTINUALLY REVIEWING FIELD INPUT AND UPDATING LOGISTICS SHORTFALLS. OUR LOGISTICS PLANS PRESENTLY ADDRESS FULL MOBILIZATION. HOWEVER, WE ARE AGGRESSIVELY REVIEWING THOSE PLANS FROM A PERSPECTIVE OF CHANGING NATIONAL AND INTERNATIONAL ENVIRONMENTS. ANALYSIS INDICATES LOWER-INTENSITY CONFLICTS AND CONTINGENCIES AS THE MOST LIKELY FUTURE ENVIRONMENT. ACCORDINGLY, ON-GOING EQUIPMENT SHORTFALL ANALYSES ARE BEGINNING TO FOCUS UPON EQUIPMENT REQUIREMENTS THAT WILL SUPPORT COAST GUARD TASKING DURING SUCH CONTINGENCIES. IT IS IMPORTANT TO NOTE THAT COAST GUARD MOBILIZATION EQUIPMENT REQUIREMENTS ARE NOT JUST FOR THE RESERVE FORCE. CONSEQUENTLY, SHORTFALLS IN MOBILIZATION EQUIPMENT ARE NOT SOLELY ATTRIBUTABLE TO THE RESERVE COMPONENT, BUT TO THE ACTIVE DUTY COMPONENT AS WELL, WHICH HAS BEEN TASKED WITH MOBILIZATION LOGISTICS RESPONSIBILITIES. MOBILIZATION EQUIPMENT SHORTFALLS ARE LISTED IN THE COAST GUARD'S ANNUAL INPUT TO THE NATIONAL GUARD AND RESERVE EQUIPMENT REPORT.

FULL-TIME SUPPORT PERSONNEL (FTS)

TO SUPPORT OUR RESERVE TRAINING EFFORTS IT IS IMPERATIVE THAT OUR RESERVE FULL-TIME SUPPORT CAPABILITIES EXPAND AS INCREASES IN THE SELECTED RESERVE FORCE ARE AUTHORIZED. IN ORDER TO MAINTAIN THE QUALITY OF TRAINING WE NOW PROVIDE -- TRAINING THAT PROVED ITS WORTH IN THE MANY NATURAL DISASTERS DESCRIBED EARLIER -- WE MUST MAINTAIN A REASONABLE RATIO OF FULL-TIME SUPPORT TO SELECTED RESERVE STRENGTH WITH THE INCREMENTAL GROWTH OF OUR SELECTED RESERVE.

I AM SURE THE CONGRESS RECOGNIZES THE RETURN THE COAST GUARD RESERVE GIVES THE PUBLIC AND OUR GREAT NATION IN TIME OF WAR AND PEACE. WE HAVE AGAIN RISEN TO THE DISPARATE CHALLENGES PLACED UPON OUR RESERVE IN JUST THIS LAST YEAR -- PACEX89, THE ALASKAN AND RHODE ISLAND OIL SPILLS, HURRICANE HUGO, AND THE SAN FRANCISCO EARTHQUAKE -- AND HAVE EMERGED AS A RESERVE FORCE NOT ONLY AVAILABLE TO AUGMENT OUR ACTIVE COMPONENT IN MEETING OUR NATIONAL SECURITY RESPONSIBILITIES, BUT ABLE AS WELL TO PROVIDE WELL-TRAINED PERSONNEL TO SUPPLEMENT THE SKILLS OF THE ACTIVE COAST GUARD IN RESPONDING TO ANY AND ALL NATURAL DISASTERS AND DOMESTIC EMERGENCIES.

I WILL BE PLEASED TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

Senator GLENN. Anyone else?

STATEMENT OF REAR ADM. JAMES E. TAYLOR, USN, DIRECTOR, NAVAL RESERVE

Admiral TAYLOR. Good morning, Mr. Chairman.

Senator GLENN. Admiral Taylor.

Admiral TAYLOR. I am pleased to be before your committee today to discuss the state of the Naval Reserve. Today our force of approximately 153,000 reservists is representative of significant gains made over the past decade. These gains have been achieved at no small investment of dollars and effort, but I believe the results speak for themselves.

Today the Naval Reserve is far better trained and equipped than it has ever been in the past. And if you ask me to describe the force in a single word, I would use the word "quality." This quality is measurable in terms of our people, our training, our facilities, our equipment, and especially our readiness to mobilize.

The changing world environment will not obviate our need for a strong Navy. We remain a maritime nation and, if recent history is any indicator, we can be expected to face challenges in the future that the Navy is best prepared to meet.

Thank you, sir.

[The prepared statement of Admiral Taylor follows:]

STATEMENT OF
REAR ADMIRAL JAMES E. TAYLOR, U.S. NAVY
DIRECTOR OF NAVAL RESERVE
COMMANDER NAVAL RESERVE FORCE

Mr. Chairman and members of the committee:

I am pleased to have this opportunity to appear before your committee.

Since I assumed command of the Naval Reserve Force in August 1989, much has happened -- both in the world and in the U.S. Navy. The 1990s have begun in a dramatic fashion and I know we are all hopeful the changes in the Soviet Union and Eastern Europe will ease the tensions that too long have divided the world.

While it is not my intent to analyze what these changes may mean, no doubt they will have an impact on the role we play in the national defense. I hope my comments will give you a better understanding of where we are in the Naval Reserve today, how we fit into the Navy as an element of the Total Force and what our plans are for the future. I also hope that you will find my thoughts helpful on what I see as the strengths of our program, and some of the problems that may lie ahead.

Let me begin with a small commercial. 1990 marks the 75th anniversary of the Naval Reserve and we in today's Navy, along with those who previously served, are reflecting with pride on the many achievements of our people. Few could have envisioned, in March of 1915, how that fledgling force would evolve.

But evolve it has. Today our force of about 153,000

Selected Reservists -- drilling reservists and full-time support personnel -- is a vastly different force than the one we had as recently as the Vietnam era.

Problems that plagued us in the recent past are no longer present. For example, in 1968, when six Naval Air Reserve squadrons were recalled to active duty in response to the seizure of the USS PUEBLO, not one of those squadrons deployed or left the United States. The reason: their aircraft were incompatible with fleet carriers and the squadrons were 47 percent undermanned.

We would all call that unthinkable today, and truly there has been a dramatic change in the readiness of our Reserve Force.

Indeed, I am proud to tell you that the Naval Reserve today is a far better trained and equipped force than it has ever been in its 75 years. The Naval Reserve today is part of a highly motivated and skilled military force. It is filled with individuals who are anxious to perform early deploying missions that would have been unthinkable for Reserve Forces only a few years ago.

As we all know, there was a time -- not too long ago -- when the Navy was far less technical than it is today. In those days, if the Naval Reserve could supply an able-bodied seaman, it had given the Navy all it wanted.

Today's Navy demands a Naval Reserve with many technical specialists. To be sure, there will always be a need for some of those able-bodied seamen in any mobilization recall, but they alone will not keep an F-14 Tomcat flying or a frigate steaming in a carrier task force.

We are, therefore, no longer a mere manpower pool. And while many reservists were extremely talented individuals in the past, their training was not as intense or as critical as what we give our reservists today. In that not-too-distant past our people often were shunted into classrooms and given boring (and admittedly outdated) lectures by instructors who knew little of the demands of an increasingly sophisticated fleet.

One of my top goals, one I announced long before the changes in Europe were apparent, is to increase our support to the fleet. I directed that, whenever possible, training should be focused toward helping the fleet accomplish its missions. That goal is, no doubt, more important today, given the fiscal constraints that lie ahead.

Before I discuss what I see ahead, please allow me to say that we in the Navy owe you in the Congress a special debt of gratitude for all you've done to make certain that our Reserve Force has become so responsive. Thanks to your support, the leadership of many Navy and DOD officials and the hard work and dedication of those who have served in the Naval Reserve in the past decade, I can report to you today that we are at the highest state of personnel and material readiness in our history.

Not only has our equipment improved, our Reserve missions have become more professionally enhancing and operationally related. More and more of our reservists are training alongside their active duty counterparts, receiving "hands on" training on the latest Navy equipment. And, when needed, our reservists have responded; from the Persian Gulf to the Alaskan oil spill, we have been ready, willing and able.

Benefits such as the Montgomery G.I. Bill and added commissary privileges are contributing to excellent morale. It's fair to say that our reservists have never been more highly motivated, or, in a word, happier.

As a follow-up to the FY-90 Authorization Bill, we look forward to the results of a two-year test of the unit incentive pay for those reservists who serve under arduous conditions aboard Naval Reserve Force ships. We believe that this relatively inexpensive benefit will produce in increased retention of sea-going ratings that are essential to meeting one of our top missions.

We are also pleased that action taken in the previous session of Congress permits us to revise the composition of our Reserve flag officer population to include our first Nurse Corps and Medical Service Corps flags. These two officers will do much to improve the professionalism of two vital Reserve medical programs. The selection of a Nurse Corps flag officer will underscore our commitment to those career fields which include large numbers of women. On that point, I want to assure you that the Naval Reserve is committed to full participation by women in the considerable number of programs for which they are eligible. Women may -- and do -- serve in command billets within the Naval Reserve and in the numerous noncombat support units that we have.

In my first seven months as Chief of Naval Reserve I've learned that the Naval Reserve has been doing many things extremely well over the years. It has been highly responsive, effective and adaptive.

Perhaps the key word here is adaptive. Whatever the needs of the Navy and the Nation have been, the Naval Reserve has been a willing partner.

The FY-91 budget calls for an end-strength of 149,700 Selected Reservists, a slight decrease from FY-90. Concurrently, we will have a net gain of 5 additional ships in the Naval Reserve Force. Even with the attendant authorization for additional personnel to accommodate the new ship requirements, the final end strength is 3,700 less than FY-90 due to infrastructure adjustments.

Speaking of ships, this has been an area of intense discussion, much of which surrounds the possible transfer of additional ships into the Naval Reserve. When all else is resolved, there is one basic and inescapable difference between a ship in the active component and one in the Reserve. We man active ships by moving personnel to the ship. In the Reserve, we move the ships to the personnel. On active duty, we can tell a sailor where he and his family will live, and on which ship he will serve, and for how long.

But inactive reservists are, after all, civilians and part-time sailors who are not ordered to different geographic locations to meet the needs of the service. So, while we might be able to locate well trained sonar technicians and operations specialists within the civilian community, they might not live in the geographic area where we need them -- near the homeports of our Reserve ships.

Reservists may live in Boise, Idaho; Wheeling, West Virginia; or Fargo, North Dakota. All are extremely fine towns and, even though the quality of our training at inland Reserve centers has improved significantly, some training can only be accomplished on board ship.

This issue of location also represents a significant difference between the Naval Reserve and the other Reserve components. Other components can generally locate their Reserve activities near Reserve populations and provide training for Reservists near their homes. Almost by definition, NRF ship expansion is limited by the availability of Naval Reservists within a reasonable distance of our Navy ports.

I point that out, not to be negative, but to give you some insight as to how difficult it is to effectively and realistically forecast the success of growth initiatives such as an increase in NRF ships. It is, in some ways, more difficult than planning for the growth of the Active Force.

That said, I want to assure you that there are many missions which we in the Naval Reserve have performed exceptionally well. For example, fully 100 percent of the Navy's search and rescue helicopter services, CONUS based heavy airlift, and mobile inshore undersea warfare capability is in the Naval Reserve. We have a corps of well trained reservists, ready to respond at a moment's notice, to provide protective defenses for harbors around the world. These are real and meaningful missions that reservists are trained and prepared to accomplish.

Reservists can provide the back-up medical forces that would be needed in time of conflict. We also provide special forces support and Reserve construction battalions (Seabees) who can back-up Active Duty Forces. We have the resources and ability to augment Navy ships and aircraft squadrons around the world to quickly reach full manning levels.

Our efforts in the area of antisubmarine warfare remain a high priority in the Naval Reserve, and will be strengthened by the additional frigates that have been ordered into our force.

We will also continue our strong support of the drug detection and monitoring mission through drug surveillance flights. The number of first quarter, FY-90 flight hours devoted to drug detection so far this year has doubled when compared with the same quarter in FY-89. In support of drug detection and monitoring, Naval Reserve Force ships steamed almost one and one-half times the number of steaming days in the same quarter last fiscal year. This is an important national priority and the Naval Reserve is committed to do its part.

Where do we go from here? First and foremost, I want to assure you that the Naval Reserve is a full participant in the Total Force Policy Study which will be sent to Congress later this year. Secretary Cheney has described his commitment to a strong Reserve Force and that commitment is shared by the Navy.

The key for the Navy, as Admiral Trost said recently in his posture statement, is that we strike "the proper balance" between active and reserve forces.

Our Reserve Force has become an integral part of our national strategy and I strongly believe that we must not lose the gains that have been made in developing a true Total Force. I also want to emphasize that I feel very fortunate to be heading the Naval Reserve component at this most exciting -- and challenging -- time. It's a time when we face some of the most difficult decisions that the Navy has faced in the post World War II period and I'm honored to be a member of the team that is helping make those decisions.

I have "inherited" an outstanding force to help me. The primary challenge for our program, as I see it, is to maintain a steady course for the immediate future and adapt to budget and world changes while continuing to build on our proven successes.

We in the Naval Reserve don't make force mix determinations, or unilaterally plan the future of the Naval Reserve. We're part of the "One Navy" team and we participate in the Navy planning process. Whatever the result, you can be assured that it will reflect the best judgment of the Navy.

The changing world environment will certainly not alter the need for an adaptive, competent Navy. We remain a maritime nation and, if recent history is any indicator, we can expect to continue to face challenges that the Navy is best prepared to answer.

Thank you for the opportunity to meet with you. I'll be most happy to respond to any questions that you may have.

Senator GLENN. Thank you.

General Looney, do you have any comments?

STATEMENT OF MAJ. GEN. EDMUND P. LOONEY, JR., USMC, ASSISTANT DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS, UNITED STATES MARINE CORPS

General LOONEY. Thank you, Mr. Chairman.

It is indeed a pleasure to be back before this committee. I have submitted a prepared statement, sir, and I respectfully request that it be inserted into the record.

Senator GLENN. Without objection, it will be done.

General LOONEY. The committee has assisted us over the years and we look forward to your continued support by approving our fiscal year 1991 budget request. I assure the committee that the Marine Corps intends to preserve quality in our Reserve forces consistent with the fiscal realities.

That is all I have to say, Mr. Chairman.

[The prepared statement of General Looney follows:]

STATEMENT OF
MAJOR GENERAL E. P. LOONEY, JR.
UNITED STATES MARINE CORPS
ASSISTANT DEPUTY CHIEF OF STAFF
MANPOWER AND RESERVE AFFAIRS,
FOR RESERVE AFFAIRS

Mr. Chairman, distinguished members of the Committee, it is a privilege to report to you again this year on the current and future posture of the Marine Corps Reserve.

Your interest in the Reserve and its role within the Total Force during this period of rapidly changing world events is appreciated. Thanks to your support in the past, the Marine Corps Reserve has continued to strengthen and improve its combat readiness.

The Marine Corps is a unique force with the capability to make a forcible entry from the sea with a fully integrated, self-sustaining, air-ground team of combined arms. This team can deploy rapidly to virtually anywhere in the world. This forcible entry capability demands flexible, multi-mission oriented training. The Marine Corps Reserve role upon mobilization requires that the Reserve force possess the same modern equipment of the Active Component, be proficient in the use of this equipment, and be thoroughly trained.

Charged with providing the means for rapid expansion of the Marine Corps during a national emergency, the Reserve is the foundation for Marine Corps sustainability in the event of mobilization. With trained units and qualified individuals on call to rapidly augment and reinforce the Active Component, the Marine Corps Reserve provides a valuable dimension within the Total Force policy.

The Marine Corps Reserve roles upon mobilization:

- Selectively augment the Active Forces in order to field three active Marine Expeditionary Forces at full wartime structure.

- Selectively reinforce Marine Expeditionary Forces with Selected Marine Corps Reserve units.

- Provide a Marine Expeditionary Brigade, with reduced aviation and combat service support capability, to reinforce an active Marine Expeditionary Force.

- Provide the capability to field a Division, Aircraft Wing, and Force Service Support Group with reduced capability if augmentation and/or reinforcement is not ordered.

- Provide a nucleus to reconstitute a Division, Aircraft Wing, and Force Service Support Group.

The Marine Corps Reserve is capable of executing these roles. Funding of the Marine Corps Reserve's Fiscal Year 1991 budget request will permit continued evolution of the Marine Corps Reserve to successfully realize its fullest potential as a contributor to National Defense.

MANPOWER

Over 91,000 men and women currently are members of the Marine Corps Reserve. They fall into three categories as provided by law: the Ready Reserve, the Standby Reserve, and the Retired Reserve.

First to fight in the event of mobilization are the Ready Reservists - the Selected Marine Corps Reserve and the Individual Ready Reserve. During Fiscal Year 1990 we budgeted for 44,000 Marines to be members of the Selected Marine Corps Reserve. The Selected Marine Corps Reserve consists of Marine Reservists assigned to the 4th Division-Wing Team (4th Marine Division, 4th Marine Aircraft Wing, and the 4th Force Service Support Group), the Individual Mobilization Augmentee program, and the Full-Time Support program. The structure of the 4th Division-Wing Team has been developed based on their mobilization role and missions. The 4th Division-Wing Team, when mobilized, is capable of providing approximately 25 percent of the trained combat manpower available to the Fleet Marine Force Commanders for augmentation or reinforcing roles. During Fiscal Year 1991, the requested Selected Marine Corps Reserve end strength will decrease by 100 Marines due to the retirement of our aging equipment, specifically the 4th Marine Division's M109 and M110 self-propelled artillery assets.

Our Individual Mobilization Augmentees are drilling Reserves who are preassigned to mobilization billets which must be filled between Mobilization Day and Mobilization Day plus 10 and whose mobilization duties are of such a nature that the individual must be available immediately upon mobilization. Our 1,400 Individual Mobilization Augmentee's are organized by function or geographic location into Individual Mobilization Augmentation Detachments. Our request for next year has zero growth. Our Individual Mobilization Augmentees, as currently assigned, allow for effective training in their mobilization billet in peacetime and the timely recall of pretrained personnel in the event of mobilization.

This year 2,301 Marine Reservists are working full-time in support of our Reserve force. The Marine Corps Reserve Fiscal Year 1991 Full-Time Support strength request of 2,401 Marines will support required 4th Marine Aircraft Wing aircraft modernization and the continuing implementation of the Commandant's Warfighting Enhancement Initiatives that we began two years ago. Our funding request for Full-Time Support growth will enable the 4th Marine Aircraft Wing to continue to maintain an aircraft readiness rate that is competitive with the Active Marine Aircraft Wings.

The Individual Ready Reserve makes up the balance of the Ready Reserve. This valuable, experienced manpower asset, though not drilling, is managed by the Marine Corps Reserve Support Center (MCRSC), Overland Park, Kansas. During mobilization, MCRSC will implement the processing of these individuals to augment Active and Reserve Components. Current Individual Ready Reserve end strength estimates are 48,000 Marines for Fiscal Year 1990 and 74,000 Marines for Fiscal Year 1991. The growth is due to the fact that beginning in June, 1984, all enlistees incurred an eight-year Military Service Obligation. Enlistment contracts under the eight-year obligation have a variety of Active/ Reserve obligation periods. We expect a continued growth in the end strength in the future as a result of the eight-year Military Service Obligation.

The Standby Reserve is that portion of the Reserve consisting of Reservists who may be ordered involuntarily to active duty only in time of war or national emergency declared by Congress, or when otherwise authorized by law. Our Standby Reserve end strength during Fiscal Year 1990 will be approximately 1,400. There is zero growth projected in this program during Fiscal Year 1991.

Reservists transferred to a retired list pursuant to Federal law, having completed 20 qualifying years of creditable service for retirement pay, are members of the Retired Reserve. Our Fiscal Year 1990 personnel estimate is 2,790 in the Retired Reserve. We anticipate no significant growth in Fiscal Year 1991 in this area.

Our Active Duty in support of the 4th Division-Wing Team consists of 4,999 Marine officers and enlisted personnel assigned to inspector-instructor staffs and aviation support units. These Active Duty Marines comprise 70 percent of our full-time personnel support to the Marine Corps Reserve, or a ratio of one Active Duty Marine for every nine drilling Marine Reservists. Those Active Duty Marines in support of the Reserves represent 2.5 percent of the total Active Duty end strength. Approval of the Fiscal Year 1991 Manpower, Marine Corps budget request will enable us to continue this very effective use of manpower.

We are requesting funding for 352 civilian billets in Fiscal Year 1991, a zero growth from this year. These billets are mainly in the administrative, data processing, personnel management, budget and finance areas, and are a vital part of the Reserve structure, performing valuable day-to-day tasks. We have centralized our civilian billets to the minimum required to accomplish required support functions. These civilians perform the functions that are accomplished by the bases and stations for the Active Component.

RECRUITING

The Marine Corps Reserve recruiting programs, both Prior Service and Non-Prior Service, have been successful in the last few years in achieving the approved end strength. Our recruiting efforts will continue in the 1990's to meet the anticipated decrease in the number of potential recruits due to the decline in the military age population. The increasingly competitive civilian job market and the growing sophistication of modern warfare make the recruitment of well-qualified individuals a difficult, though not impossible task. We recruited 7,679 Non-Prior Service Reserve Marines during 1989 which represents 101 percent of our goal. We plan to achieve a Fiscal Year 1990 requirement of 7,800 recruits and a Fiscal Year 1991 goal of 7,900 recruits. In Fiscal Year 1989, 98 percent of our Non-Prior Service recruits were high school graduates. Seventy-nine percent are from Armed Forces Qualification Test (AFQT) categories I-IIIA, with less than 0.2 percent of our recruits from AFQT category IV. The average Non-Prior Service Reserve accession is from AFQT category II with a GT of 110. Additionally, 21 percent of our Non-Prior Service recruits are certified college students.

Our recruiting goal for Prior Service Reserve personnel will decrease to 4,304 in Fiscal Year 1991 from 4,590 in Fiscal Year 1990. Factors contributing to the decrease are the Montgomery GI Bill, a reduction in attrition before the end of drilling contracts, better drill attendance, and increased training opportunities. Since implementation of the Montgomery GI Bill in 1985, we have experienced greater success in recruiting and retaining Non-Prior Service Marines, therefore reducing the number of Prior Service Marines needing to be recruited.

NAVY SUPPORT

The 4th Division-Wing Team, as part of the Navy-Marine Corps Team, is furnished aircraft, operations and maintenance funding, and medical, dental and religious support from the U.S. Navy. Our mission could not be accomplished if it were not for the outstanding support of the Naval Reserve officers and enlisted personnel that are in direct support of the Marine Corps Reserve.

There are 2,040 Medical Officer and Corpsmen selected reserve billets structured to support the Marine Corps Reserve. Eight physician billets in the Physician Reservists in Medical Universities and Schools (PRIMUS) program are in support of the 4th Division-Wing Team. There are 81 Dentists and 128 Dental Technicians in the 4th Dental Battalion, 4th Force Service Support Group. The Naval

Reserve officers and enlisted personnel filling these billets in the 4th Division-Wing Team serve side by side with our Marines, participating fully in virtually every Marine Corps Reserve training exercise and annual training duty period. They provide an extremely important aspect of combat service support capability.

The 4th Division-Wing Team is supported by 333 Reserve Chaplains and Religious Program Specialists. These personnel provide command religious programs to the individual Reservist and to the Active Duty Marine in full-time support of the Reserves. In addition, they assist and provide religious support to Marines on independent duty.

We support the Naval Reserve's request for $13.2 million for Fiscal Year 1991 for personnel to support the Marine Corps Reserve. This funding will enable the Reserve Navy-Marine Corps Team to continue to be prepared to augment, reinforce, or move as a unit to provide combat service support upon mobilization.

AVIATION

The Marine Corps is currently operating below its inventory requirement of CH-46s, our medium lift helicopter, and normal peacetime attrition will cause significant shortfalls by the mid-1990s. The shortfall will manifest itself in both the Active and the Reserve aircraft wings. Additionally, because these helicopters were procured in large quantities during the 1966-1970 timeframe, a significant block obsolescence problem could occur in the late 1990's.

The need for a replacement for the CH-46 is important to the Total Force. Without a Medium Lift Replacement aircraft, reliance upon the Marine Corps Reserve CH-46 fleet will become even more critical to the Active Component.

The Operation and Maintenance, Naval Reserve budget provides funds for the flight hour program which, in the Reserves, is based on the minimum number of hours required to maintain pilot proficiency. The transition from the KFIR aircraft to the F-5E aircraft in our VMFT squadron, which provides aggressor aircraft services to both Active and Reserve squadrons, resulted in an $11 million decrease in the Navy funded flight hour program. We will continue to look for ways, particularly in modernization efforts, that enable us to reduce operations and maintenance costs. Funds for this very important program have been adequate in the past and are critical if our Reserve pilots are to remain tactically proficient and capable of meeting current mission requirements.

Two KC-130T aircraft from the Fiscal Year 1989 National Guard and Reserve Equipment, Defense appropriation will be delivered in December 1990. With these aircraft, the Reserves will have 18 KC-130Ts in service. We are working to place on order the two KC-130T's that were authorized and appropriated from this year's National Guard and Reserve Equipment, Defense appropriation. Continued Congressional support of the Fiscal Year 1991 budget request is needed to further complete the requirement for KC-130T aircraft in the 4th Marine Aircraft Wing.

The AH-1W is the Marine Corps' premier attack helicopter. The Reserve AH-1Js cannot be upgraded to meet the postulated threat or to carry out its assigned missions. With your support, modernization in that critical area will begin soon. Six AH-1Ws have been appropriated, but are not yet authorized. Once received, the additional capability that the AH-1Ws will bring to the 4th Marine Aircraft Wing will truly enhance the Reserve combined arms team.

FACILITIES

The 4th Division-Wing Team has 167 ground and 26 aviation facilities located throughout the United States, District of Columbia, and Puerto Rico. These sites provide the facilities for the training, equipping and the administrative support of our Marine Reservists. The Marine Corps owns facilities at 23 of these sites, manages 33 and occupies the remaining 137 joint use facilities with other Guard and Reserve units. The 4th Division-Wing Team has tenant units aboard four Marine Corps Air Stations and three Marine Corps Bases.

Beginning in the Fiscal Year 1990 Military Construction, Naval Reserve budget, the Marine Corps assumed budgeting responsibility for the new construction of Marine Corps Reserve facilities. The Fiscal Year 1991 request contains only one project, a hangar for the recently activated attack helicopter squadron that stood up during Fiscal Year 1988 at Marine Corps Air Station, Camp Pendleton, California at a cost of $8.1 million.

EQUIPPING THE FORCE

During peacetime, the 4th Division-Wing Team holds only a portion of its Table of Equipment in the form of a Training Allowance. This Training Allowance provides the equipment required to conduct unit training. The balance of the units Table of Equipment is held by the Commander, Marine Corps Logistics Bases in the Marine Corps Stores System in Albany, Georgia and Barstow, California. Upon mobilization, the remainder of a unit's Table of Equipment, or initial issue, will be shipped to the appropriate Station of Initial Assignment or Port of Embarkation.

The $35 million requested in the Fiscal Year 1991 Procurement, Marine Corps budget in support of the Reserves will enable us to continue the Amphibious Assault Vehicle Product Improvement Project, procure a Tactical Air Operations Module, and continue procuring items in the Marine Corps shelter and container families. These items are part of the ongoing modernization of the 4th Division-Wing Team.

READINESS

Readiness is the hallmark of the Marine Corps. The 4th Division-Wing Team is regularly assessed with the same criteria used to evaluate and measure the Active Component. The Marine Corps Field Supply and Maintenance Analysis Offices conduct regular assistance visits to units to analyze supply accounting records and equipment maintenance procedures. Based on their analysis of both Active and

Reserve units, 4th Division-Wing Team units are exercising the same level of sound supply accounting practices and maintenance procedures as Active units.

Using realistic scenarios and the same criteria as the Active Component, the 4th Division-Wing Team evaluated ten battalion/squadron size units last year using the Marine Corps Combat Readiness and Evaluation System. These evaluations indicated that the evaluated units were ready to assume their role as part of the Total Force upon mobilization.

In addition to tactical expertise, another aspect of reserve readiness is preparedness for mobilization. The Mobilization Operational Readiness Deployment Test is used to evaluate mobilization readiness. This test is a short notice drill, as it is expected mobilization might be, and provides a realistic evaluation of a unit's capability to recall its personnel and move them to their Station of Initial Assignment quickly and efficiently. Last year 125 units were evaluated under this test, with 86 percent being rated mobilization ready. Those units not judged to be ready are reevaluated within six months. Overall mobilization readiness within the 4th Division-Wing Team indicates that units and personnel are prepared to provide quality forces on short notice with substantial capability for immediate employment in any theater of operations.

While the results of these evaluations and tests are primarily for the use of unit commanders, they provide the Commandant with a valuable perspective on the readiness of his Reserves. All indicators show that the 4th Division-

Wing Team is prepared for and capable of supporting the missions and roles they have been assigned.

The Marine Aviation Logistic Support Concept program is currently in its final stages for implementation. When completed, the program will improve sustainability and readiness of Marine Reserve aviation. The Contingency Support Packages for the 4th Marine Aircraft Wing's rotary wing and fixed wing aircraft mix are funded by the Operations and Maintenance, Naval Reserve budget. These Contingency Support Packages will provide aviation logistics support during mobilization.

TRAINING

The 4th Division-Wing Team sponsors an intensive and aggressive training program which includes emphasis on warfighting skills and participation in Active Component exercises. This training helps retain our quality Reserve Marines. While the Reserves do not have the same amount of time to train as their Active Component counterparts, the realistic and meaningful training provided will ensure a combat capable force upon mobilization.

Non-Prior Service enlisted Marines accessed into the Marine Corps Reserve undergo the same initial boot camp training as Active Component Marines. The Commandant's Marine Battle Skills Training applies equally to the Reserve and Active Components. Marine Battle Skill Training involves the Basic Warrior Training program conducted during recruit training and the follow on Marine Combat Training conducted at the Schools of Infantry. All Marines attend the same full length formal schools to obtain their Military Occupational Specialty qualification after completing Marine Combat Training.

All Prior Service Marines are recruited for a specific unit and Military Occupational Specialty. Frequently, however, outstanding Marines leaving active duty with skills that the 4th Division-Wing Team has a requirement for are unable to join a local Reserve unit because they live beyond the 50 mile limit of the unit in need of that particular skill. As a result, these Marines that have faithfully served are afforded the opportunity to learn a new primary Military Occupational Specialty by either attending full length formal schools or by assignment to the Initial Skill Training program.

The Initial Skill Training Program allows Reserve Marines, both Prior Service and Non-Prior Service, who are unable to attend full length schools, to obtain a billet Military Occupational Specialty in two years by completing a combination of two week formal schools, Managed-on-the-Job Training, correspondence courses, and vocational/technical school courses. We have programmed for 300 Prior Service Marines to receive this training during Fiscal Year 1990. About the same number will receive this training during Fiscal Year 1991. The Initial Skill Training program helps reduce Military Occupational Specialty mismatches, primarily in ground units.

In addition, the Vocational/Technical Training program provides skills and Military Occupational Specialty training within the Selected Marine Corps Reserve. We will continue to use community vocational and technical training resources to increase the number of technically proficient Marines. We are continually upgrading this program to be sensitive to future requirements.

The Marine Corps Reserve continues to enhance individual and collective training by exploiting new technology with training simulators and devices allowing the 4th Division-Wing Team to conduct meaningful and realistic training without leaving the training centers in most cases. We have used the National Guard and Reserve Equipment, Defense appropriation to acquire two full-crew tank trainers and our Light Armored Vehicle Battalion has received three 25mm gunnery trainers. The 4th Division-Wing Team will soon be receiving 38 innovative and effective indoor simulated marksmanship trainers for small arms. When received, this trainer will allow units with limited access to rifle ranges the opportunity to maintain and even improve individual marksmanship skills.

All Marines, Active or Reserve, are required to participate in the Commandant's vigorous Professional Military Education (PME) program. This program which includes professional reading and self-study in conjunction with formal schools, emphasizes the responsibility of all Marines to continue their professional growth. Our PME opportunities are designed to accommodate the limited training time available to most Reservists. During Fiscal Year 1990, 764 officers are scheduled to attend formal schools during two-week annual training periods, including the Marine Corps Amphibious Warfare School and the Marine Corps Command and Staff College. We plan on providing 872 officers these PME opportunities in Fiscal Year 1991. In Fiscal Year 1991, Active and Reserve officers that are not selected for a PME resident school, will be required to complete the appropriate Non-Resident PME course by correspondence. Selected Active and Reserve officers will then attend a two week resident course of instruction at the Marine Corps University, Quantico, Virginia, to augment their Non-Resident PME.

Always mindful that the staff non-commissioned officer, or SNCO is the "backbone" of the Marine Corps, 222 Reserve SNCO's will attend the Staff Non-Commissioned Officer Academies resident course during Fiscal Year 1990. One Advanced SNCO course will be conducted for 48 of our Sergeants Major and Master Gunnery Sergeants at the Marine Corps University, Quantico, Virginia, during this Fiscal Year. Similar numbers are planned for Fiscal Year 1991.

Members of the Individual Ready Reserve are afforded the opportunity to participate in individual training through the Reserve Counterpart Training and Exercise Support programs. Reserve Counterpart Training is designed to provide Military Occupational Specialty refresher training; 1,442 Marine officers and enlisted personnel will be afforded the opportunity to participate in this training during Fiscal Year 1990. Similar numbers are budgeted for during Fiscal Year 1991. The Exercise Support Program will provide operational training to 579 Marines during Fiscal Year 1990. This program affords the Reserve Marine the opportunity to join Active Component units while those units are participating in exercises. This level of operational training support is expected to continue next year.

As part of the Commandant's Warfighting Initiatives to structure the active forces to be more expeditionary, sixteen Reserve rifle companies were earmarked to assume the role of the fourth company to designated Active Component infantry battalions. These rifle companies in the event of mobilization will report to their designated battalion. The Reserve Marines train to standards established by their Active Component counterparts, and during Annual Training Duty these earmarked companies join their designated battalion. Last year three companies trained overseas. This year two Reserve rifle companies are programmed to train overseas with their Active Component battalion. Our budget request will enable us to provide Reserve units the opportunity to train both overseas and in the Continental United States. These types of training opportunities aid in recruiting and retention.

During Fiscal Year 1990, units of the 4th Marine Division-Wing Team will participate in 24 exercises along with their Active Component counterparts. Other units will conduct basic combat training to improve rear area security capabilities, live-fire exercises, Military Occupational Specialty training, and skill progression training.

A significant series of exercises that are held each year are the Combined Arms Exercises. The primary purpose of a Combined Arms Exercise is to improve the proficiency of command and control personnel in fire support planning and coordination. Elements of the 4th Division-Wing Team participate in these exercises held at the Marine Corps Air Ground Combat Center, Twentynine Palms, California. Over 7,500 Marine Reservists participate in these exercises each year. We plan on conducting two Combined Arms Exercises this year and two in Fiscal Year 1991.

Superior realistic training and leadership have resulted in increased retention in the Selected Marine Corps Reserve. Continued funding to enable positive training opportunities will enable us to retain the best Marine Reservists in the Ready Reserve.

THE WAR ON ILLEGAL DRUGS

The National Defense Authorization Act of Fiscal Year 1989, has given the Marine Corps Reserve the opportunity to be involved in counternarcotics efforts. The 4th Reconnaissance Battalion, 4th Marine Division, from San Antonio, Texas, has conducted surveillance training along the United States southwest border in conjunction with the United States Border Patrol in a cooperative effort to reduce the illegal drug supply. The battalion has also provided training in land navigation and patrolling to the Border Patrol. These ongoing activities not only assist the Border Patrol in its efforts, but provide the individual Marines with excellent training opportunities.

Additionally, Marine Reservists from the 4th Marine Aircraft Wing participated in counternarcotics operations this year. Fourth Marine Aircraft Wing KC-130s, OV-10s, CH-

53s and UH-1s flew 430 flight hours in support of these operations. Additionally, Marine Reservists manned an AN/TPS-59 radar site in the Caribbean to monitor enroute air traffic and report suspected illegal drug activity. These operations provided 4th Marine Aircraft Wing personnel with realistic and meaningful Military Occupation Specialty training.

We have continued our aggressive policies to eradicate the demand for illegal drugs within our Corps. The Marine Corps Substance Abuse Program contains both proactive and reactive programs. These programs are applicable to both Active and Reserve Marines. Marine Corps policy is very clear - it will not tolerate illegal drug use among Marines, either Active or Reserve. Our Marines are trained in the consequences of drug use, distribution, and/or possession. They are also subjected to detection through random urinalysis testing and are briefed on the voluntary drug disclosure program. One of the major goals of our policy is to provide a drug-free environment for all Marines.

We have encouraged voluntary participation in "Campaign Drug Free", a program designed to send Reservists into the local elementary schools to encourage young people to avoid illegal drugs. Individual Marine Reservists have been actively participating in local community anti-drug efforts for years. As an enhancement to our past participation we have established the Marine Corps Community Drug Education Assistance Program. This program is designed to augment community anti-drug efforts and is conducted by Active and Reserve Marines on a purely voluntary basis. This relatively new program encourages coordinated command participation in community drug deterrent measures.

COMMUNITY SERVICE

Marine Reservists are in fact "twice the citizen." When their local community is in need, they respond with enthusiasm. After Hurricane Hugo, Marine Reservists ~~volunteered to assist their communities' clean-up efforts.~~ Our Active Duty inspector-instructor staffs helped man command posts that coordinated the local clean-up effort. Marine Reservists assisted in food preparation, helped serve at relief centers and assisted the Forest Service in clearing roads.

Following the San Francisco earthquake, Marines from the 4th Marine Aircraft Wing, based at Alameda Naval Air Station and Fresno, California, immediately provided support to many rescue and damage assessment missions. Marine Reserve helicopters, along with those of our sister services, were often the only reliable transportation during the first few days following the quake. In addition, Marine Reservists provided logistics support and provided communications assistance to the Federal Emergency Management Agency.

CONCLUSION

The Marine Corps Reserve is a vital element of the Total Force Policy. High morale and dedication are major strengths of today's trained men and women from across our country that are the embodiment of this force in readiness. With your continued support we will continue the modernization effort that was begun in the 1980's. With state of the art equipment and training facilities, our substantial effort in recruiting and training will result in our retaining quality Marines.

Finally, our integration of the Active and Reserve Components will continue from the Headquarters staffing process to units in the field. Mobilization is ultimately the integration of our Active and Reserve Components into a combined arms team, and is appropriately the dominant factor in all Reserve training and planning. Total Force is a vital, established reality in the Marine Corps. Our programs and funding requests at the attachment have been developed to ensure that the Marine Corps Reserve is prepared for its assigned roles.

The Marine Corps is a unique force with a crucial role to fill in the national defense of our country. Our continued commitment to the men and women that make up this force is essential. The substantial capability held in the Marine Corps Reserve is truly a vital dimension, one in which the American people can justifiably have great confidence and pride. Your Marine Reserve, if called upon, is ready to answer the call as part of America's Force of Choice.

TOTAL SUPPORT OF THE MARINE CORPS RESERVE

($ Millions)

MARINE CORPS APPROPRIATIONS	FY 1989	FY 1990	FY 1991
Reserve Personnel, Marine Corps (RPMC)	315.0	314.5	336.4
Military Personnel, Marine Corps (MPMC) (I-I, ACDU Support)	149.0	141.5	143.8
Operations & Maintenance, Marine Corps Reserve (O&M,MCR)	77.4	77.4	86.1
Procurement, Marine Corps	24.0	26.3	35.0
Operations & Maintenance, Marine Corps (HQMC CIV PERS/ADV)	2.7	2.9	3.0
TOTAL MARINE CORPS	568.1	562.6	604.3
NAVY/OTHER SUPPORT			
Operations & Maintenance, Naval Reserve (Flight Hours)	81.8	60.8	70.1
Reserve Personnel, Navy (Physicians, Dentists, Chaplains, Nurses)	12.7	13.2	13.1
Military Construction, Naval Reserve (MCNR)	20.0	24.8	15.7
National Guard Reserve Equipment, Defense Appropriation (NGREA)	81.8	108.6	25.0
TOTAL OTHER SUPPORT OF USMCR	196.3	207.4	123.9
TOTAL SUPPORT OF USMCR	764.4	770.0	728.2

Senator GLENN. Good. Thank you all very much.

Mr. Duncan, we get the impression here sometimes there may be a little disconnect between force structure and manpower levels in the Reserve and Guard components. We just received a letter from Mr. Jehn that changes material included in the DMRR, defense manpower requirements report, for 1991. Let me give you an example. There are several examples through here.

But one, under paragraph 4, Reserve component: "A. Active component, Reserve component, AC-RC mix. The Army is reducing force structure and end strength in response to changes in the global security environment and reduced resourcing levels. The revised end strengths this represents," and so on, "a 6 percent reduction," and so on and so on.

The letter requests that the reference to a reduction in force structure in the first sentence be deleted, so the paragraph would now read: "The Army is reducing end strength." It leaves out "force structure." "The Army is reducing end strength in response to changes in global security," and so on.

We have some other examples of the same kind of thing through here that I could read, this letter also deletes another paragraph about the number—and this is a lengthy paragraph—"the number of force structure changes are proposed based on the following considerations," and outlines the considerations.

But that is asked to be stricken. Now, what is wrong with these paragraphs that define how we are going to do this? I do not understand why, unless there is a definite move afoot here to go to hollow forces, which we are trying to avoid. I do not see why end strength and force structure do not go hand in hand.

Mr. DUNCAN. I am somewhat at a loss, Mr. Chairman. I am not sure I have seen the piece of paper or, if I have, I do not recognize it. Is that a letter from Mr. Jehn to the committee?

Senator GLENN. Yes.

Mr. DUNCAN. That you are quoting from?

Senator GLENN. Yes.

Mr. DUNCAN. Frankly, I am hard put to answer the question.

Senator GLENN. Well, what is your policy with regard to Reserve components, that as we reduce we will keep the units, but we will cut back on the people?

Mr. DUNCAN. I am sorry, Mr. Chairman?

Senator GLENN. It is all right.

Mr. DUNCAN. One of my deputies has just reminded me that this apparently was an Army proposal that came over here. We spotted some language that had not been approved by the Secretary and we asked that that language be deleted.

I do not know what has happened with the document between our office and the Congress. Apparently, we do have some disagreement with that document, and we have asked that it be deleted.

Senator GLENN. Well, what is policy, your Reserve policy now? As you reduce some people, are you going to reduce units along with them, or are you going to leave them as hollow or semi-hollow units?

Mr. DUNCAN. Well, I do not have to preach to this committee about trying to avoid going back to the hollow forces we had in the 1970s. There is no, at this point, flat black and white rule as to what we need to be doing with our forces.

With respect to end strength versus force structure, as far as I am concerned, the Total Force Policy Study is going to be looking at precisely what force structure we need. But I will tell you, I will personally oppose any effort to leave a bunch of flags around that results in our forces being unready. I have worked too hard to try to bring the readiness standards up.

So, we may be smaller. We may be smaller in the Reserve forces. That has yet to be determined. But whatever size we are, we have to resource the Reserve units just as well as we resource the Active units, so that whatever units remain, they are ready to go.

So, I certainly subscribe to the chairman's views on that. I hope that is responsive to the question.

Senator GLENN. Okay. And with this specific letter, is it valid, or was it called back or what?

Mr. DUNCAN. Mr. Chairman, I would prefer, since I do not have it in front of me, to get you an answer later today. But if I could, I will focus immediately on what the status of that is and what has happened with our request that certain language be deleted. I will give the committee a response as fast as we can prepare one. I just do not know the answer.

[The information follows:]

The letter which you received from Secretary Jehn was and is valid. The Defense Manpower Requirements Report (DMRR) is submitted to the Congress in compliance with Section 115(b)(3) of Title 10, United States Code. The fiscal year 1991 report explains the DOD manpower program incorporated in the President's budget for fiscal year 1991.

It is important that the DMRR, in explaining the manpower program, accurately reflect and relate to the President's budget. On reviewing the final version of the DMRR, we found that this statutory report included references to plans which had not been approved or which conflicted with current policies.

As you know, fiscal year 1990 end-year strength for the Army National Guard and Army Reserve will be reduced by a total of 19,704 from fiscal year 1989. This adjustment was made as part of the actions taken to achieve compliance with the 1990 enacted budget and the partial sequestration. No further reduction in the Reserve components of the Army is included in the President's budget for fiscal year 1991.

Manpower adjustments after fiscal year 1991 will be dependent, in large part, on principles guiding force structure development and allocation of missions among the components of the Total Force, which are being reviewed as part of the Total Force Policy Study. The fiscal year 1991 DMRR, as modified by Secretary Jehn's letter to the committee, accurately presents our manpower program for fiscal year 1991.

Senator GLENN. I would ask staff to give you a copy of the letter now, and then you can either comment on it now or give us an answer later.

Mr. DUNCAN. I will give you an answer later on.

Senator GLENN. General Ward and General Burdick, we have indications that the Army intends to substantially reduce Reserve component force structure and end strength levels. For example, General Vuono, Chief of Staff of the Army, has indicated the Army plans to cut three Active divisions and two Reserve component divisions by 1994.

The manpower tail is 115,000 Active and 111,600 Reserve. What role did each of you play in developing this plan?

General WARD. Mr. Chairman, we had various levels of inputs and provide recommendations to those responsible for that plan. Essentially, the guidance was developed before we participated. We identified, at least in the Army Reserve, some units that had to come out of the force.

We identified as best as we could those units most difficult to fix, and we do, without question, have a relatively small number of elements in the Reserve that needs realignment and, in some cases, inactivation. But it is a relatively small number.

Those units were placed on the preliminary list of fiscal year 1991 cuts. Beyond that and regarding the policy question, I had no part in that.

Senator GLENN. Was this done on a basis that, look, we in the Regulars, we are going to take a 32 percent cut in this area, you take a 20½-percent cut in that?

General WARD. You would have to speak to the leadership, Mr. Chairman.

Senator GLENN. Well, but in your discussions how was it approached?

General WARD. Well, there was an original discussion back around last October to the effect that everybody should suffer equal pain, without much thought given, in my observation and opinion, to analyzing scenarios and the related missions for a fully ready contingent corps.

There is no question that those are vital things, and indeed, it might mean moving some combat service support elements from the Reserve component to the Active component. In a conceptual sense, we had some discussions on those issues. Somehow, however, in the process this got translated into a one for one, equal pain, up and down force reduction, without regard to scenario, mission, plan, or envelope of warning time.

I believe the Army is now working rather assiduously to redo that somewhat simplistic approach, and we are working with them.

Senator GLENN. Well, I for one do not go along with the equal pain. Did anyone in the discussions ever mention the combat capability for the United States as a consideration?

General WARD. Yes.

Senator GLENN. It came up occasionally?

General Burdick.

General BURDICK. Senator, if I could comment, as I have mentioned, the Army Guard is at the highest state of readiness it has ever been. We are a combat-ready force.

I think, as General Ward said, early on the Army leadership considered the threat, the changing world situation, and also the budgetary decrements that they had to consider. In doing this, both the Active component and the U.S. Army Reserve and National Guard were assessed certain manpower decrements, structure decrements.

This was spread over the POM years. As I mentioned, in 1990 we were directed to take a 10,000 man cut, no structure in 1990. But from 1991 through the POM years 1992 through 1994 now, we have been directed to undergo certain structure cuts.

A decision was made to take certain Active component units out of Europe, and with that the tails that reside both in the U.S. Army Reserve and in the National Guard. Now, some of this was done with the thought that we had to consider a certain portion in the Reserve components, not necessarily that that was assigned to the structure coming out.

For example, an armored cavalry regiment. If we have to take an ACR that is not currently assigned to the force structure in Europe, that will be decremented. And this is how this came about.

Senator GLENN. General Ward, did you agree with the 111,600 cut in the Guard and Reserve?

General **WARD**. Well, the Army Reserve's equivalent part of that is 55,000, the rest is a Guard cut. The original numbers were, I think, 135,000 total, of which 55,000 were Reserve and the rest Guard.

Senator **GLENN**. Was this done with regard to what really is needed in a mobilization type situation? It just is a little hard to believe that 115,000, 111,600, right there, just almost identical, and then we say then the split down below was 50,000 here, 50,000 to the other. That just happens to be the split and everybody is taking their equal pain, as you put it earlier, a theory I disagree with.

Is that the way the cuts are being made so far?

General **WARD**. At this point the Army has asked us to come up with a series of degradations of units so that we can, in some cases, realign units against force structure, changes in doctrine and mission, by combining a relatively small number of units.

So, for about 15 or 20 percent of that 55,000 cut, there were things there that probably should have been done, in any event, over a period of time and had actually been planned, because they reflect demographic changes. Where a city that used to be 18,000 is now 9,000, it cannot continue to sustain a unit.

Beyond that, everything is still on the table. The concept is only notional and is being worked in the field today. Quite candidly, we took some time to get the mechanism dealing with those issues going. The level of cuts really relates to the question of what kind of a force do you need and against what kind of a threat are you going to defend?

Senator **GLENN**. Amen.

General **WARD**. And we are still mucking around with that.

Senator **GLENN**. I agree with you completely.

My time is up, but I just could not agree with you more. This is pointing up exactly why we need the Total Force Policy Study. We should not be doing these things just on you take some, I will take some. We should be basing it on what the combat requirements of the country are. Senator Exon.

Senator **EXON**. Mr. Chairman, thank you very much.

Welcome to all of you, especially to General Conaway. You will be back here on several occasions, General, and we are glad to see you in your position.

I was very much impressed by the optimistic, upbeat approach that you all gave to the status of the Guard and the Reserve, in which I have been very much interested.

I have a previous appointment that I have to keep in just a few minutes, but I may submit some questions for the record. But let me get into one or two questions now.

First, let me ask the Army Guard a question about what experience you have had so far with the new attack Apache helicopter? We have heard some problems exist with that aircraft, specifically about some difficulties that were experienced with the Panama situation with regard to rain, failing to perform as advertised as an all-weather aircraft.

What has been the Army Guard's experience with that piece of equipment as of today?

General **BURDICK**. Sir, there have been certain problems, but I think they are being worked out satisfactorily. Early on we had some tail rotor debonding problems, things like that. But this is an outstanding piece of equipment and it serves us well.

Fifteen battalions will come into the Army National Guard. We already have four battalions on the ground. The readiness of our battalions is quite high. So I do not see that we have a long-term problem. With the fielding of any new sophisticated piece of equipment, there are certain problems and these are being worked out.

Senator EXON. Very good.

General BURDICK. In terms of Panama, sir, I just cannot comment on that. We had no units flying Apaches in Panama.

Senator EXON. You have had no problems with operating that aircraft in other than ideal climatic conditions? Any problems with rain?

General BURDICK. No, sir.

Senator EXON. It has been an all-weather aircraft, is that right?

General BURDICK. Yes, sir.

Senator EXON. Let me ask a question about——

General BURDICK. I might just add, sir, my son is an Apache helicopter pilot. I would be concerned if there was a problem.

Senator EXON. I would like to talk to him about that some time.

Let me talk about attracting and retaining the Guard and members of the Reserve, which I think is critically important. During a time of budget constraints, we are going to have to make some very tough decisions, and we are going to have to rely on what you experts and leaders in the field feel about this.

As I understand it, there have been many reasons for the good retention of Guard and Reserve people, but basically I think it is twofold: one, equipment, training, and operation regarding more flight hours, maneuvers, and so forth; and second, the benefits, such as educational benefits and tuition vouchers.

As the budget of both the Reserve and the Guard starts to drawdown with its forces, will we be able to keep, in your opinion, the high level of readiness and the upbeat attitude that you have expressed here today in your testimony?

General CONAWAY. Sir, I think from the National Guard's standpoint and probably all services, we definitely will, depending upon what decision is made by the Department of Defense and by Congress concerning the Guard and Reserve.

Thanks to the benefits that you have for us today, bonuses for critical skills, pay and allowances, and the GI bill that have made us a total partner with the Actives—those all help. But we are all literally over strength, bulging at the seams today, probably in the same mode we were in in 1972 when they started the phasedown from the Active duty.

That went for about 4 years after the Vietnam drawdown began and when they started the All-Volunteer force. Recruiting is good and retention is the best it has ever been right now. People are doing meaningful things in training, which they like to do.

Active quotas are way down. They have had to reduce their quotas drastically. Those men and women are all coming to the Guard and Reserve. They are beating our doors down. They want to serve in Hometown USA.

The men and women on active duty who are reading the papers, whether it is the Air Force Times, Army Times, the Washington

Post, or whatever they are reading, are seeing that there is going to be a drawdown, a builddown of the Active components, and they are calling back to Hometown USA to grab open billets that they can.

So, we are basically full, which is good, in the receive mode. And I guess you have to decide how many of those people you want to make available for us to retain.

Senator **Exon**. Well, given that, General, I suspect that we are not going to have to be as active as we once were in recruitment efforts, is that right?

General **Conaway**. Well, I think we will have to be as active. It may be in a different way. The recruiters will have to be out there to process the people as they come off active duty and into the Guard. They will meet them there, process them, test them, and make sure they are qualified; that's if we have an MOS or AFSC billet.

Their job is to help them make the transition. We still will need X number of non-prior service personnel or you will have no E–1s, 2s, 3s, or O–2s or O–1s, if you want any at the lower level at all.

Senator **Exon**. The measure that we put through a few years ago allowing for commissary benefits, has that been helpful to you in keeping the morale up?

General **Burdick**. Definitely so, sir.

Senator **Exon**. Has that been widely used?

General **Burdick**. Yes, sir.

Senator **Exon**. My last question before I must leave, and I apologize for this because this is a very important meeting, what are the plans for the role of the Reserve and the Guard forces in the war on drugs?

Has that been thoroughly worked out? It seems to me that, since we are calling upon the Active forces for more help in this area, it only follows that you in the Reserves and Guard will play a similarly more active role in the future.

Are you satisfied with the way the planning is going in this area? And what challenges lie ahead in that area that we should know about?

General **Conaway**. Yes, in the National Guard we are very satisfied. You have included in the legislation that we must have Governors' plans from the 53 Governors and the District of Columbia telling us what they are going to do to support local, State and Federal law enforcement agencies. They are developing plans for the next year right now.

We are doing it in a decentralized mode which works very well. The plans come to us, then they go to Secretary Duncan, who also is the main drug coordinator for the Department of Defense, and then they go through the system.

We have 1,500 personnel on duty today, as we have any day of the year, and more if we have a surge. So the Guard is out there, gainfully employed and increasing daily.

General **Ward**. Mr. Chairman, can I add something on that? On the Reserve side, we are involved in that, working with the Active on a somewhat different track, but closely involved in the Guard business.

I would like to add one thing to your previous question on the recruiting issues. The doctor and nurse fix has come about, not by any magic, but because of things like the incentive program, the change in the recruiting, the ROTC. There was no magic wand or anything that was waved. A lot of work and some very sensible programs, like the STAR program, are making those things work.

Senator EXON. Thank you. General.

General SCHEER. In the narcotics area, Senator Exon, in the Air Force Reserve we visited all the joint task forces and told them we volunteered anything and everything and what we could do and what we do. We visited the FORSCOM people and are at present drawing up a memorandum of agreement, a statement of understanding. And as soon as all the legal people decide what is legal and what is not, we will have in concrete exactly what our capabilities are and how you get hold of us.

We have done all we can to volunteer our services in any way.

Senator EXON. Thank you, General.

By the way, my name is pronounced "EX-un." The way to tell, the other people, "EX-on," are the people that spill the oil. I just spill the rhetoric. [Laughter.]

Senator EXON. Thank you, Mr. Chairman.

Senator GLENN. Mr. Duncan, could some of the active duty personnel who would otherwise be released from active duty be used to reduce the requirement for full-time reserve manning of certain functions?

Mr. DUNCAN. Well, I do not write that idea off. I take the view that I am willing to discuss absolutely anything as we go about the resolution of the force issues we are facing here in the next months and years.

But, there should not be an automatic transfer. We have to be very careful about how we evaluate those who are coming off active duty. Presumably, the Active forces are going to be doing all they can to ensure that the people who remain on active duty are the best available.

I want to be very sure that as people come off active duty, if there is an opportunity for them in the Reserve forces, we seek them out. But they will be competing against the best people in the Reserve forces, and we want to make sure that just because a person is coming off active duty they do not automatically become a full-time support person.

The full-time support people in each of the Reserve components varies. One cannot just make broad conclusions and say that because a person is coming off active duty, he or she automatically qualifies to be a full-time support person. The needs of each of the Reserve components are unique to that Reserve component and we have to evaluate each case.

The Chiefs are better prepared than I am to speak to that issue. But as a general philosophy, I am looking for opportunities for the people coming off of active duty, but they have to compete against the people we have in the Reserve forces already.

Senator GLENN. The former Chief of the National Guard Bureau, Lt. Gen. Herb Temple, has been quoted in the February 1990 issue of The Officer magazine as saying: "As it, the National Guard, enters the nineties there is a need to revamp the current full-time manning system within the Army and Air National Guard. The present splintered system of full-time technicians and AGR soldiers and airmen has outlived its intended purpose.

"The time has come for a unified system where there are no distinctions between workers based on their immediate work status. There must be established a system which provides for the uniform treatment and management of our full-time personnel."

Do you agree with General Temple?

Mr. DUNCAN. Well again, I hate broad conclusions. You know my resistance to broad, absolute propositions. I guess we should probably go through and respond to that issue on a service-by-service basis, because obviously the way the Marine Corps uses full-time support is much different than it is used in the Army. The needs are so much different that I get nervous about his statements.

I do not doubt his sincerity for a minute, but does that translate to TARS for the Navy? I guess I need to hear more about that before I would be prepared to agree with it.

Senator GLENN. Okay. We may want to submit additional questions on that.

General Conaway, what about you? Do you agree with General Temple?

General CONAWAY. Not totally on that one, and he and I had discussed that on several occasions. The technician program for years and years, decades, has been the backbone of the National Guard full-time support program.

Not until 1978 did we get involved in the AGR, the Active Guard Reserve program that was developed by Congress, and started at that time probably to end up replacing the technician program. As we got going, we saw that we could work with both programs. Both of them are working.

Ideally, you may want one, but the Army Guard has 50 percent military technicians, 50 percent AGR, full-time manning; and the Air National Guard is 75 percent technicians and 25 percent AGR, which was my goal when I was Director of the Air Guard and you worked to ensure that.

The AGR's are valuable for some of the real day-to-day missions in the highly deployable skills. The way we are utilized in peacetime can help. But the technicians are very valuable to us as well, and I think in the future you may probably see more of an increase, possibly in the technician program, than you might in the AGR program in the nineties.

It varies depending on where the ceiling is, and we need full-time resources, which you have helped us with, to do the job.

Senator GLENN. General Burdick or General Killey, either one of you?

General BURDICK. Sir, let me comment. I should point out that each year approximately 50 percent of our accessions into the National Guard are former soldiers, persons who have come off of active duty and have come into the Guard. Actually, the guidance is 55 percent non-prior service because of the cost—they are cheaper—and 45 percent prior service. In actuality, it is about 50–50.

So we do take people, we will continue to take Active component people, into the Guard. Now, this is as a traditional guardsman or part-time guardsman.

In terms of our full-time force, I support my boss here 100 percent on his comments on that. We have the two forces. It works out well in our Army National Guard. They are approximately 50 percent.

I do have a requirement for an additional 17,000, and this is a bona fide requirement, 17,000 AGR's to bring our units up to strength in the Army National Guard, and a need for some 4,700 military technicians.

Now, we would certainly consider, if we got those authorizations, trained soldiers coming off active duty. Our Adjutants General, I feel, would be positively disposed to considering them and letting them compete with any of the soldiers they have who would want to come into the full-time force.

Senator GLENN. The committee in the past, as you know, has taken a little bit of a jaundiced view of some of the full-time manning people that get all the same benefits as the Regulars, basically, and—this overstates it a little bit—never have to leave home, and that does overstate it. Granted, they have big responsibilities.

But we have questioned some of that and whether we should have expanded that program in the past. We will have to look at it. And I would hope, Mr. Duncan, that you are addressing that in this Total Force Policy, as to the full-time manning opposed to the rotation of Regulars through those positions.

Mr. DUNCAN. I mentioned earlier, in the previous hearing, the report we just sent over to the Congress. It is a big step forward as far as I am concerned in our managerial look at full-time support requirements. Priorities were set and for the first time, we have a handle on what we have.

One of the encouraging things is that something like 78 percent of all the full-time support we have across all the services is in direct support of Reserve units, as opposed to assignment to headquarters, and so forth.

So, an evaluation of our full-time support needs is important. The committee will have a better understanding of them to the extent that we can describe those needs in a better way than we have in the past.

Senator GLENN. Well, we are starting out zero-based on consideration of everything. I think this would be a time to look at the full-time manning situation also, as we are reducing and as we may have to take people out of the Regulars early and let them go.

At the same time, we are going to bring on full-time manning over here in a separate category entirely? Or should we be keeping more people in the Regulars, but take that same number of people and assign them to rotate through the Reserves, which is back to square one where we started pretty much?

In a time of expansion it is one thing. In a time of contraction, we may want to look at that again. So I think that would be a good thing to address in the Total Force Policy Study.

Mr. DUNCAN. I subscribe to that entirely, Mr. Chairman.

General WARD. Mr. Chairman, we have been looking at just that, and, in the Army Reserve there is a key place for technicians, particularly in the mobilization base. There is also a significant place for AGR's. Furthermore, our AGR's transfer and move just like their Active counterpart. They meet the same standards, PCS with the same frequency, and have to attend the same schools.

Indeed, we had some AGR's in Panama who, on the 20th of December were involved in significant combat roles and combat support roles.

I personally see a place for a certain number of Active people. We did this on an experimental basis in First Army about 15 years ago when we rotated Active duty personnel to the Army Reserve and then back to Active units. This was particularly appropriate for select kinds of positions that do not require as much Reserve expertise as the normal AGR needs.

It was a very fine program, and it worked in First Army. It was dropped because of resources. I would love to see that tried again on an experimental basis. We have circulated such a proposal to the Secretary through the Army staff. It is actively being worked, and it is being viewed with some deep interest.

Senator GLENN. Thank you.

Admiral Taylor, former Secretary of the Navy John Lehman suggests that there are substantial missions in the Navy that could be effectively transferred to the Reserves. He indicated the existing Naval Reserve structure would have to be changed significantly, but in the end the Naval Reserve could effectively do more and at less cost.

First, are you familiar with Mr. Lehman's ideas on this? And are you seeking innovative ways to bring about better Active-Reserve mix efficiencies in the Navy?

Admiral TAYLOR. I have read a report of Mr. Lehman's statement, but not his actual statement.

Senator, over the past years I think the Navy can be recognized as being a strong proponent of the Total Force Policy. We have a good system in existence. The Chief of Naval Operations has appointed a flag officer as the Total Force Advocate. He does an annual assessment of the total force prior to the starting of our POM process.

That is a very detailed and complex look at what should go into the Active and what should go in the Reserve, and it is also a continuing process. Decisions on what to put in the Reserve are based on many things, not the least of which is cost, demographics, the ability to support those units, and the capability of those units to support the fleet CINC's.

I am confident that the decisions we have made in the past have been good ones, and we are actively looking at new missions that could be transferred over to the Naval Reserve and we are also currently assessing the missions that remain.

Senator GLENN. What specific areas do you think could be transferred more to the Reserve, out of the regular Navy?

Admiral TAYLOR. We do very well in aviation, as I am sure you are aware.

Senator GLENN. Could more of the patrol function go to the Reserve?

Admiral TAYLOR. We could accept more in the ASW missions, yes sir, in the P-3C.

Senator GLENN. The Air Force relies on Air Reserve for what percent of in-flight refueling?

General KILLEY. About 30 percent right now, 20 percent in the Air National Guard, and I think the Air Force Reserve has about 10 or 15 percent. So between 30 and 40 percent of that total capability.

Senator GLENN. What percent of the patrol is done by the Reserves, do you know?

Admiral TAYLOR. About 35 percent. We have, as I recall, 13 squadrons and the Active has 24 squadrons.

Senator GLENN. Admiral Faigle, last year Congress authorized the Coast Guard Reserve an end strength of 15,000. That was 2,050 over the end strength the Coast Guard requested. The increase is designed to help you close the gap against your wartime requirements and to give you more flexibility in accomplishing the drug mission.

Why are you requesting an end strength for the Coast Guard Reserve of 14,150 for 1991? That is 850 less than Congress authorized last year.

Admiral FAIGLE. Mr. Chairman, I am not knowledgeable of where you are obtaining your statistics. We submitted to this committee on 20 December 1988, a growth plan, and I would emphasize that that was a plan. That was not a budgetary document.

But that sets forth our requirements for 10 years. Now, in 1990 we were to have, according to that plan, a strength of 13,500. That did not materialize. At present we have 12,000.

Senator GLENN. Well, we may have a little disconnect here in the figures then. Maybe we ought to do that as a follow-up.

Staff tells me it is in the budget that was submitted to us.

Admiral FAIGLE. It must be gospel then, Mr. Chairman. [Laughter.]

Senator GLENN. Not only that, it is the law.

We will want to straighten that out with you for the record here, so we get our figures straight on this.

[The information follows:]

END STRENGTH FOR THE COAST GUARD RESERVE

The Coast Guard Selected Reserve, according to the National Defense Authorization Act for fiscal years 1990 and 1991, is authorized an end strength of 15,000 for fiscal year 1990. The authorization for fiscal year 1991 is 15,150—not 14,150. Thus, we have a net increase of 150 in authorized strength in fiscal year 1991, not a decrease of 850. The fiscal year 1990 Reserve training appropriation provides funding for Selected Reserve strength of 12,050. The fiscal year 1991 President's request for the Reserve training appropriation will support increasing the size of the Selected Reserve to 12,700.

Senator GLENN. You have not asked for a reduction in strength this year, have you?

Admiral FAIGLE. No, sir, not at all.

Senator GLENN. Okay. Our figures came out that you were asking for 850 less this year.

General Looney, the Marine Corps has a separate organizational structure for managing the Marine Corps Reserve. The structure was reorganized last year to integrate it with the active structure. What was the rationale for that and how is it working out?

General LOONEY. Sir, the rationale was Goldwater-Nichols. We lost a Deputy Chief of Staff, one of the billets at headquarters, and General Gray decided that since the Reserves are so manpower-intensive, that it would be appropriate to put it under the Deputy Chief of Staff for Manpower and give him a new title, Manpower and Reserve Affairs. I am his assistant dealing directly with the Reserves on a full-time basis.

I think it is working out very well. The Active component is learning more about the Reserves than the Reserves are learning from the Active component. So I think the bottom line is that it is working very well.

Senator GLENN. This is back to our old discussion of this subject, I guess, from years past. You feel it is working out very well by in effect having the Regulars run that operation?

General LOONEY. Sir, all my full-time support people who normally worked for me up to last year are now throughout the headquarters working Reserve issues right along with the Active component. So it is a full Total Force Policy implementation.

Senator GLENN. General Scheer, what about Air Force Reserves? Does it have the capacity to absorb added missions from the Active force?

General SCHEER. There is always capacity for added responsibilities and requirements. We are virtually, in most of the Air Force missions today—yes, there is some room for increase.

Senator GLENN. Which missions do you think could be most likely transferred from the Regulars to the Reserves, or partial or supplemental or split them better?

General SCHEER. I hope that is one of the things that comes out of the Total Force Mix, sir. But in the aviation area it has been a very, very positive thing for us. In fact, even in the non-flying areas, whether it is engineers, communicators, maintenance guys, we have been able to recruit to those things because of the job satisfaction that is in there by virtue of the responsibility that is placed on these individuals.

Now, I hate this long answer—but the reason we are as ready today as we are, is because we get 80 percent of our people from Active duty, prior service individuals. If that source dries up, then we are going to have to increase our training tempo, which we cannot because some of our people are giving us 120 days a year now.

So, it is a supply and demand thing. As long as the supply of pretrained individuals is there in any mission, then we are all right. But if the Active duty draws down too much or we get too large, then we are going to be in trouble across the board.

I do not think we are too far from where those lines cross today and that major shifts either way could be made without a reduction in readiness. So my answer is, we could take on significant numbers, but significant additional numbers would not keep us at the readiness levels we have today.

Senator GLENN. When do you start running out of gas on your leftover people from Vietnam? That is a major factor, is it not?

General SCHEER. No, sir. Those have kind of gone out. We do not see any big hump on that. They have been dropping out of the force over the years, so that today, again, we do not have any—there are pilots waiting in line to come in, there are maintenance guys waiting in line. So we do not foresee any major hump.

Now, if in the future there is a lack of desire to join because the perceived threat is less and the need to join the military is not perceived out there like it is today, and/or we know the demographics say that there will be fewer people around in the nineties, then the recruiting thing could change.

But as of right now, I do not foresee—we just do not have a problem.

Senator GLENN. Just one other question, General Scheer. About the 50 percent, 7,900, of drilling reserve officer strength in the Air Force Reserve is allocated to IMA, individual mobilization augmentee, positions. These positions are supposed to support Active force wartime requirements.

Now, you have proportionally more of these positions than any of the other Reserve compónents. What is the justification for this?

General SCHEER. I do not know how that got started, Senator. Yes, we have in the Air Force, we have virtually all the individual mobilization augmentees. But it is a program that is justified by the Active force based on its wartime requirements.

Why we are the only ones in there I do not know.

Senator GLENN. Will you be reducing your IMA positions then as the Active forces restructure and reduce?

General SCHEER. Through 1991, Senator, as you have heard, that is a transition year, so we do not know. Through 1991 there is no reduction. From 1992 on, I would think that would be looked at along with the rest of the forces.

Senator GLENN. My time is up. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. I am sorry I missed your previous questioning. I know it has been an interesting session, and I do have just a few questions.

Going back to when I was here earlier and to Mr. Duncan, if I could, from what you say it seems that the defense planning guidance is very important in setting realistic objectives. And yet I have seen some recent articles that quoted DOD officials as calling the Secretary's guidance as deliberately vague.

I wonder about that. I mean, are you getting some directions or not? And this ties into what I was saying earlier. I had an opportunity to talk to the Secretary last Friday, and I am really worried about what is going on over there, and I basically said, get a grip on this thing. You know, we are doing all this planning and all this talking on the force mix.

Are you and is he giving some general guidances or not?

Mr. DUNCAN. Senator, let me encourage us all to be very skeptical about what will obviously be an endless series of articles challenging everything. No matter what we did, there would be questioning. Are we moving fast enough, do we have guidance or not?

From the standpoint of my role as the Assistant Secretary for Reserve Affairs, I see very clear guidance, fiscal guidance, from the Secretary about how the defense budget is going to play out for the next 5 years. I see very clear guidance from the Secretary on how reductions should be made, with disproportional cuts in overseas forces, for example.

I recognize and understand how the planning and programming and budgeting system of the Department works, and I know that the Secretary is participating in that process daily and that he will not only be involved in the Program Reviews this summer, he will also make the ultimate decision on the budget we submit in the future.

While I guess everyone could ask for more guidance, I think he has given good, broad guidance. Now, has he answered all questions? I do not know. I suppose we would never satisfy everybody. But I do not have reservations about the quality of the guidance being given.

Now, the problem is that this is not a normal year. Things are changing on a weekly basis. So guidance that might have been effective 3 months ago must be reassessed and re-evaluated. Defense Planning Guidance, for example, is not put together in a 3-week period. It is based on net assessments and everything else. It cannot be redone in a 3-week period as you know, the services do not operate in a vacuum at all, if that is what somebody is suggesting.

Senator LOTT. What is changing on a weekly basis?

Mr. DUNCAN. The geopolitical situation around the world is changing. Those changes affect our threat evaluation, our net assessments, and so forth. Those kinds of changes are historically unprecedented as far as the rapidity of the change.

So, the Defense Planning Guidance is not going to be revised every 3 weeks or 6 weeks based on the latest changes. The process does not permit that.

Having said that, there are several levels of communication within the Department. It is not just through the Defense Planning Guidance. The Secretary meets routinely and regularly with the service Chiefs, with the service Secretaries, with those of us who are his senior advisors in the Department. We are now doing the best job the Department can in a rapidly changing geopolitical situation and within the budgetary constraints we have.

I am satisfied that we are on track. We will not see the first results of our reaction to these geopolitical developments until we review the POM's which the services are submitting at the end of this month. Then the organization reacts to the POMs and the Secretary will have numerous opportunities through the Major Aircraft Reviews, through the Total Force Policy Study, and through the Program Reviews this summer, to put his thumbprint and his handprint on the defense budget that will be submitted to the Congress next year.

Senator LOTT. You say in your statement that the Defense Planning Resources Board is responsible for linking national policy and resource allocation. And yet you are not a member of that board.

It would seem to me—is that right or not?

Mr. DUNCAN. The DPRB?

Senator LOTT. Right.

Mr. DUNCAN. Well, I forget what the charter says, but I have been invited to sit in on all the meetings of the DPRB.

Senator LOTT. You do?

Mr. DUNCAN. To my knowledge, there has never been a major DPRB meeting that involved anything I am responsible for that I did not attend. I am certainly welcomed by all of them, if I want to be there.

Senator Lott. It would seem to me you should be there, at least, and maybe even be a member.

Thank you.

Let me turn to General Conaway if I could. What is the current strength and recruiting status in the Guard and what is your prediction for the rest of the year, and if you have any problems what are your plans to resolve those?

General Conaway. Sir, the biggest problem we have is overexecution right now. The National Guard, Army and Air, are both at basically a programmed end strength. The Air Guard is overstrength at 117,000 and the Army Guard is right at it, 457,000. Recruiting is great, and retention is superb at the moment.

Recruiting is probably good because the Active quotas have already started falling drastically in the Active recruiting offices. Those men and women are coming to the Guard, and our recruiters are getting them.

And the fourth thing that is happening that I mentioned earlier is at the Active duty bases when they are already reading the Air Force and Army Times of the proposed cuts and the builddown, and those men and women are calling back to Hometown USA trying to secure billets where they can.

Now, how long this windfall, so to speak, of people wanting to serve in the Guard and the Reserves having the same thing happen to them will continue, I don't know; probably as long as we are in a builddown. It is sort of similar to the 1972 to 1976 drawdown that took place after Vietnam.

Senator Lott. I wish you would not make that comparison, though.

General Conaway. Well, of the number coming off of Active duty, that may come off depending on what decision is made, they will want to serve. In fact, it may even be more severe this time, because we have an all-volunteer force and we do not exactly know how to drawdown an all-volunteer force. Before, it was the draft-motivated force, and we still stayed full until about 1976, when that drawdown stopped on active duty.

Senator Lott. I repeat, I hope we do not make the same mistakes we made in that 1972–1976 bracket.

General Conaway. I agree with you.

Senator Lott. What about full-time manpower? Do you have shortages in full-time manpower?

General Conaway. Yes, we do. I will let General Burdick address that. The Army National Guard has the most full-time shortfall.

General Burdick. Sir, with the structure that we have taken on in recent years, the Army National Guard is short in terms of full-time manpower, both our Active Guard reservists, as well as our military technicians.

Senator Lott. How have you compensated for those shortages?

General Burdick. Well, sir, what I have tried to do is cross-level, as much as we can. But we are short, and what we do is actually allocate the full-time people we have in accordance with the force activity designator for units.

In other words, the early deploying units are manned at 100 percent. The later deploying units might only be manned at 65 to 70 percent. Now, that certainly creates a problem, because what we are talking about at a unit level is simply four people. So, instead of having the four—and that is a readiness NCO, a trainer, a supply sergeant, and a clerk—it means we only have two or three. So, that certainly incurs certain problems.

Certainly, even the later deploying units should receive the full-time manning so they are as ready to go as the early deploying units.

Senator LOTT. General Ward, would you like to respond to that?

General WARD. Yes, Senator, I would like to add one thing. The Army Reserve has always lagged in full-time support. Our percentage right now is 7.7 percent of the force in the full-time unit support categories. I believe the Guard is up around 12 percent plus.

There was a congressional target set a number of years ago of 14 percent. Full-time support makes a major impact on readiness and particularly on the vitality of training. So, we have a significant percentage shortfall, which we hope can be fixed as we have quality people both from Active duty and the Army Reserve competing for those full-time support assignments.

Senator LOTT. Well, that was my next question. Do you think that the Guard can absorb some of these skilled manpower people that will be moving from Active?

General WARD. I can talk about the Reserve. We certainly can, and we have a specific program circulating through the Army staff to fill vacancies by grade and by specialty.

General BURDICK. Sir, I mentioned prior to your coming in, that each year about half of our accessions are Active component people. Now, these are for the traditional Guardsman positions, the part-time positions. We also have the need for the full-time positions, both the military technician and Active Guard and Reserve positions.

If we are granted the authorizations, we could certainly allow these people, and they should be highly trained, to compete with people in the States right now, and the Adjutants General, I believe, would be willing to consider that. It would certainly improve our readiness and also help the Active component now with the problem they are going to have.

Senator LOTT. Have you been granted any manpower growth in the last couple of years?

General BURDICK. Sir, in terms of full-time manning?

Senator LOTT. Yes.

General BURDICK. Very minor.

Senator LOTT. None in the past year?

General BURDICK. None in this past year, zeroed out.

Senator LOTT. And very little in the previous years.

General WARD. In the budget it has been kept at the fiscal year 1989 level. This is indeed a decline of about 350 AGR and 100 technicians.

Senator LOTT. I do have a couple other questions, Mr. Chairman, but I am just going to submit them to General Burdick for the record, if that is all right. I will yield at this time.

Senator GLENN. Fine.

General Ward and General Burdick, in the 1990 full-time manning programs there are 314 and 293 Active Guard and Reserve officers in your respective components assigned as ROTC, R-O-T-C, instructors. The DOD report we recently received on full-time manning in the Reserve and National Guard indicates that these positions "do not specifically require Reserve component expertise."

Why do you assign Active Guard and Reserve officers to ROTC instructor positions?

General Burdick. Sir, we have approximately 300 officers assigned to those positions right now. That was done in years past. They are Active Guard and Reserve positions and I have been attempting to take those positions back to fill some of our shortfalls.

We are working with the Army to do that now, and I hope to be successful.

General Ward. The determination to add those was made before I arrived, and it was made on the assumption that there was a certain level of Reserve and Guard expertise required.

Senator Glenn. In the ROTC program?

General Ward. In the ROTC program. As a matter of fact, in some places that is true, and in some places it is not required.

Senator Glenn. Do you think it is still valid today?

General Ward. Not 100 percent at all. It has been looked at again, and we are trying to get those people back and put them back into units where they are crucially needed.

Most of them happen to be relatively high ranking officers. We will have to trade some of those billets for sergeants first class billets, which I desperately need in my troop program units.

Senator Glenn. I would think you might want to look at that, because I would think those officers could be more effectively used to support Reserve and National Guard programs that require their expertise. If it is a position where you really have to have someone, that is fine. But I would not think there would be enough for 607 people.

General Ward. Could I add one observation? One of the things that transpired as a result of using AGR personnel is that the validity and acceptability of the ROTC program on college campuses skyrocketed because the Reserve people we were able to put there, almost without exception, had graduate degrees. Many of them had doctorates in a specific category that was applicable to the particular university.

So, there was a skyrocketing acceptability on campus of people who had those right kind of credentials. Nevertheless, it is not necessary that they have Reserve expertise in each and every area.

General Burdick. Senator, it is a question of priorities. My priority is I need them in my TPU's, or two-program units, today more so than I do there.

Senator Glenn. Mr. Duncan, I wanted to compliment you on sending in an excellent report on the full-time support program. As the report notes, there are a number of areas in the program that require major corrective action.

The GAO looked at this, as you are probably also aware, and in recent testimony before the Readiness Subcommittee of the House Armed Services Committee GAO indicated—and this is a rather lengthy quote from that, but I want to make it anyway:

"As force restructuring takes place, an important element in making decisions affecting Reserve components will be determining the extent to which the Army has adequately justified its requirements for full-time support personnel. We found that the Army's requirement for 120,000 full-time support personnel lacked sound justification and recommended that the Secretary of the Army use workload analysis to determine its full-time support requirement and take a number of steps to improve the management of this program.

"These steps included: One, developing measurable program objectives; two, implementing adequate program monitoring mechanisms; and three, developing clear guidance that specifically differentiates among the roles for Active, Guard, Reserve, military technician, Active component, and civilian employee, and stipulates when full-time personnel should be used.

"We also recommend that the Secretary develop procedures that will help the Army National Guard and Army Reserve establish the most cost effective mix of personnel.

"DOD generally agreed with our audit findings and recommendations and said that it planned corrective action. As noted in our report, if the Army requests additional personnel authorizations above current levels, the Congress may wish to consider deferring the request until it is assured that adequate action has been taken to improve the program."

What corrective actions do you plan to take?

Mr. DUNCAN. Well, first of all we concurred in most of the conclusions of the GAO. Second, we have commenced a RAND study to advise us on how we go about establishing those kinds of criteria.

Senator GLENN. Do you agree—what do you suggest we do about the full-time support increases the Army has requested as a result of this? Hold off on them?

Mr. DUNCAN. Well, having said that we have requested and are energetically trying to get the results of a study, I am not inclined to stop doing business while we await the results of studies. Sometimes these darn studies take longer than I am satisfied with.

So, I am inclined to think we should continue to do business relying on the best judgment we have today. As we receive new information, we can make changes as necessary. We will face up to it candidly, but right now I think we better just continue to do it on the basis of what we know today.

Senator GLENN. Okay.

General BURDICK. Senator Glenn, if I could just comment. In the Army National Guard, we do use workload analysis and we do certify the positions as a requirement. We do this continuously out there, and I believe we can demonstrate. I am familiar with that report, and I do not think the report was specific as far as the Army National Guard was concerned.

Senator GLENN. All right. If you are familiar with that report, we might want to ask your opinion of that and ask you to send us a letter that we could include in the record.

General BURDICK. I would be pleased to do that.

Senator GLENN. And at this point get your views on this, so we get both sides of this thing.

[The information follows:]

FULL-TIME SUPPORT PROGRAM

I appreciate this opportunity to respond to the recent General Accounting Office (GAO) study on full-time support in the Army Reserve components. I disagree with the GAO position that full-time requirements in the Army National Guard lack sound justification, and I would like to stress that we in the Army National Guard are continuously improving the management of our program. The Army National Guard does use engineered workload analysis and we validate our 75,000 full-time requirements continuously. There are two branches within the Army Manpower Division to validate requirements and evaluate the management of the full-time support programs within the States. The Management Engineering Branch is my primary office for establishing and validating full-time support requirements. This office has been in existence since the inception of the full-time support program, and uses the latest approved methods for conducting engineered workload studies using the Manpower Staffing Standards System (MS-3). The primary focus of this branch has been review of support activities and State headquarters. Full-time support in those activities is workload driven and lends itself to scientific analysis. We are looking very critically at the requirements in activities other than units to ensure their accuracy so that we may shift the maximum number of resources and all growth in full-time support into deployable units. Within the past 2 years, this branch has replaced the site survey method of validating unit level requirements with the MS-3 method. During the last fiscal year, this branch had over 15 studies in progress, which involved the validation of in excess of 14,000 full-time support requirements. The Evaluation and Utilization Branch evaluates the management of the programs in the States and monitors the utilization of our full-time resources. In the past year, this branch has visited 16 States and evaluated the management of over 6,600 full-time personnel. In addition, over 1,800 individual interviews were conducted to evaluate the utilization of full-time personnel. The results have been improved management of our resources, and assurance that our concept of proper utilization is practiced in the States. Full-time unit support staffing criteria is designed to provide minimum essential manning in the areas of personnel and administration, operations and training, and logistics. Staffing is continuously revised based on changing missions, unit priority, and equipment fielding. Just recently, we visited hospital units in the Army National Guard. A total of 80 requirements (5 in each of 16 units) were eliminated accounting for a significant reduction in the cost of supporting those units. This is just one example of the steps we are taking to verify our requirements and maximize the productivity of our full-time resources. The full-time support program is constantly evolving and adjusting to the changing missions and functions of the Army National Guard. Studies are continuously being conducted to verify our staffing criteria and improve the way we do business in full-time support. Unfilled, validated requirements exist, and I agree with Mr. Duncan that our requests for additional full-time manpower should not be deferred while waiting for study results. I can assure you that we will maximize the use of our resources and ensure that readiness continues to be the most important factor in our full-time support distribution.

Mr. DUNCAN. Senator, before we get too close to adjournment, I want to make one more pitch. Not that this will answer all of the questions, but the proposed ROPMA legislation is pending. I think that would be a big managerial tool. From our standpoint, we believe that it would be a big help. So, if I could do anything to help that process, I volunteer. Not that it answers all questions, but it is a managerial tool that will make my life easier, I can assure you.

[Pause.]

Senator LOTT. Mr. Chairman, could I ask a question while you are doing that?

Senator GLENN. Sure.

Senator LOTT. Mr. Duncan, going back to my question earlier about your participation in the board, did you participate in the deliberations on force structure changes, specifically with regard to reducing the force structure of the Guard?

Mr. DUNCAN. It has been made very clear to me that I am invited to participate in any meetings of the DPRB that I wish to. Don

Atwood has expressly invited me. It is assumed that I am going to be there on any issue relating to either counternarcotics or Reserve forces.

So, for all meetings of the DPRB that involve the Reserve forces, I am there, yes, sir. Now, does that mean that all decisions that affect the Reserve forces are expressly discussed by the DPRB? Not necessarily. The Secretary makes many decisions that do not require a full DPRB meeting. Sometimes—I mean, constantly he is making decisions, and I guess I need to know which decision you are talking about.

Senator LOTT. Well, I am just very much concerned about any recommendations that go in that direction, and I just wanted to make sure you were there and participating and arguing very vigorously against them.

Mr. DUNCAN. Yes, sir. If the DPRB is not meeting, then I send memoranda to the Secretary or to the Comptroller or whoever it may be, or I go see them.

Senator LOTT. Thank you, Mr. Chairman.

Senator GLENN. General Conaway, as the military services restructure one of the areas that deserves attention is the command and control of our National Guard forces, and that has been at issue since time immemorial, I guess, under different situations.

Currently Guard units operate under dual control in peacetime. The State Governors have control through their Adjutants General on the one hand; the National Guard Bureau and the military services have control through Federal funding and monitorship with training on the other.

The Supreme Court has yet to come up with its ruling on suits being filed regarding the control governors have over training deployments.

The difficulties with the arrangements we have operated under were summarized in a recent article by Capt. Jeffrey Jacobs, U.S. Army Reserve, in the *Armed Forces Journal International* April 1990 issue. In his article he says, and I think he summarizes this very well:

"The dual control of the peacetime Guard creates unworkable command relationships, both between Guard and Active units and within itself. The commander of an Active unit, for example, does not technically have command authority over a subordinate round-out Guard unit.

"Furthermore, since the States are responsible for Guard mobilization and mobilization planning, that same Active commander has little actual control over the mobilization of this round-out unit. Where Guard units are composed of elements from more than one State, the unit commander from one State exercises no command authority over a subordinate unit from another State. These units are literally commanded by consensus among the respective State Adjutants General, the National Guard Bureau, the gaining wartime command, the CONUSA, and the nominal unit commander.

"This phenomenon is complicated enough when the brigades of a guard division are located in different States, and all 10 Reserve component divisions are composed of Guard units from States ranging in number from two to five. The situation becomes even more confusing in a battalion whose companies are in different States."

I think that pretty well states the problem. It does not take care of the constitutional problem of Governors versus others, but it borders on some of that also.

What is being done to address command and control relationships in the Guard, especially in view of the potentially increased role the Guard could play in future defense strategy? And the second question would be, do we need legislation to address this or can it be addressed at your initiative?

General CONAWAY. Sir, to answer the second question first, I do not think we need legislation. I think as the oldest military force we have in existence in the United States, and with all due respect to the oldest Active force which is the U.S. Marine Corps, the oldest military force is our militia, celebrating our 354th birthday.

This system is probably one of the finest State-Federal systems, decentralized systems, I think that there is in America today. You have given a lot of control to the Governors of the States, and the Governors have exercised this control. When they start abusing it or maybe getting involved a little bit, as some perhaps did, in foreign policy, you passed other legislation, which is in the Supreme Court now, the Montgomery amendment on overseas training. We are hopeful that that one will come out all right.

But we are twice a member of the National Guard. We are a member of the State militia, the State military National Guard, and we are a member of the U.S. National Guard, the National Guard of the United States, which is the same as being a member of any of these Reserve components that we have here.

We cross State lines. We do that by working directly and indirectly with the commanders and with our Adjutants General. It works very well. Ohio has units in other States that they coordinate with and are in divisions with and that they round out with.

Our brigades—and General Burdick can discuss this—work very well as round-out brigades to the Active duty units.

Senator GLENN. Do you feel Captain Jacobs' statement was not correct?

General CONAWAY. I would not agree with that. I think that is a very biased statement, and I do not think it is on target. I think it may shoot holes at the State-Federal system, but the system works, as complex as it is, sir, with 54 Adjutants General and 53 Governors. I cannot tell you directly how the thing works, but it works.

You control the dollars. You give me $9 billion a year, $5.5 billion to the Army Guard, $3.5 billion to the Air Guard, and you get 575,000 combat-ready troops.

If I could take a second, the news agency Tass came to interview me specifically on this question because, as they are trying to decentralize more, President Gorbachev is, he wants to know more about how in the world does this decentralized National Guard operate, getting Federal dollars. He was very interested in the fact that the Governors make a political appointee like General Alexander of Ohio as the Adjutant General of the province or State, and he is responsible to the Governor for training and providing combat-ready troops for Federal callups.

They are interested that in their States as they are trying to decentralize more, the political hierarchy can stay and they can pull the combat troops out and use them statewide or federally.

So, the system works and I think it is one of the best systems there is.

Senator GLENN. General Killey, what do you think on the Air Force? Does it work there or do we need to clarify some of these relationships?

General KILLEY. It works absolutely the way it is intended. You look at our combat capability, our cost effectiveness, and our responsiveness, we have had absolutely no problems providing any resources to the Active Air Force at any time.

Just Cause was an ideal example of that, and your units in Ohio served superbly. The 180th in Toledo was in Panama in the Coronet Cove Operation when Just Cause kicked off. There was absolutely no problem.

Senator GLENN. General Burdick, does this work mainly because no one has ever challenged it?

General BURDICK. No, sir. It works mainly because the Army Guard is organized as an efficient system. We have the National Guard Bureau, which promulgates policy, provides resources to the States, to the Adjutants General, right to the units.

So, we have an efficient organizational structure. Now, if we are talking in terms of our wartime mission—and I think that is what we are thinking about as we sit around this table and not particularly our State mission—that was a very superficial article—I read the article myself. It is a very superficial statement.

We have in the military the wartime commander. He issues certain mission guidance. He issues this to the subordinate commanders, wherever they are, right down the chain. The subordinate commander develops his mission essential task list, and this is approved through the wartime chain.

The Adjutant General sees this to provide the resources and to support that wartime chain. Capstone and Roundout are the best things that have ever happened to our Army, to our Army National Guard, and they work.

The young man who wrote this article, although he did have some experience as a young officer in the Guard—and I believe he is out of the Guard right now—[Laughter.]

Senator LOTT. He is now a lieutenant, too.

General CONAWAY. Sir, I think instead of that individual, I think it would be good to ask Active Air Force and Army commanders what they think of these National Guard units that serve and fly and fight alongside them.

Senator GLENN. Let me just correct something. I do not think he was saying that they do not perform well. He was pointing out some of this very complex command structure that can occur when they have certain responsibilities within a State and then some of their people come from other places and units come from other States.

He was pointing out that this could be challenged. I think that was the basic theme of this thing. I think no one questions the ability of people to perform when they are asked to perform in combat. I want to make that clear.

General CONAWAY. It works. But you know, on the mobilization, I got called up the 26th of January 1968. When that happens the day you are mobilized, State control ends. We immediately came under Ninth Air Force, and we were mobilized and gone.

Senator GLENN. Yes.

Mr. DUNCAN. In fact, Mr. Chairman, let me add one caveat. Aside from organizational relationships, one of the reasons the Total Force Policy works and why I am not worried about the Federal mission, is because everytime we have anything that approaches a crisis, every guardsman and reservist, it seems like, in all of our components, take personal affront if they are not assigned to the mission. We have highly motivated, high quality people. They want answers as to why they are not being sent, when in fact, we may not need them. I have to explain that.

Senator GLENN. We are going to have to end here, and you have been very patient this morning, gentlemen. It has been a good hearing.

I do hope we can get going on the Total Force Policy Study, push that thing. If you need any urging from anybody over here, we keep leaning on you. If you need us to lean on some other folks, why, let us know.

Mr. DUNCAN. Yes, sir. We appreciate your offer.

Senator GLENN. Because we really want that study. We need it for guidance and we want it for this year. And we are going to be restructuring and I hope we can do it with as much guidance from that study as we possibly can have.

Otherwise we are just going back to the share pain thing that General Ward talked about: You take a certain percent and I will take a certain percent. And that is not the way we should be designing our military balances and force structure for the future and the mix between Regulars and Reserves.

As I said earlier with regard to Reserve and Guard components, they have been important up to now, but I think they are going to become even more important, because as the warning times stretch out, more functions could go into Guard and Reserves. So I think that is the direction we are probably headed here.

So that is the reason why some of our questions have been a little detailed about how you operate. And as this whole evolution unfolds, I think it is crucial that our Guard and Reserve forces are more effectively integrated with the Active forces they support and they be resourced at levels that permit them to carry out their assigned missions.

Chairman Nunn of the full committee has been very interested in this Total Force concept and what we have been doing with it, and he may want to have a full committee follow-up on some of this Total Force Policy one of these days. We have talked only very briefly about it, but that may be in the offing, too.

He was going to be here this morning for part of this, but decided to give one of his policy statements that he has been developing. He is giving that on the floor now, starting at 12 o'clock, or at least that is what he had planned. So that is the reason he was not here this morning.

So we look forward to working with you on these things. We hope we can have the leanest, meanest forces as we scale down a little bit. It is much tougher to scale down than it is to build up.

When you are building up everybody shares a little piece of the pie and the unhappiness is that somebody else got more than you did.

But when you are cutting back, it is really tough to cut out the people and their careers and what they wanted to do. But if we are to have the most cost effective military force, then more functions go to the Guard and the Reserves.

We will probably have less. We will probably have a smaller regular military establishment. I think that is just a foregone conclusion as we move into this. But how those ratios are set, Mr. Duncan, is going to be depending on you and the people doing that Total Force Policy Study.

Mr. DUNCAN. We will do our best.

Senator GLENN. So thank you much, gentlemen.

The hearing is adjourned subject to the call of the Chair.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

APPEARANCE OF MR. FRANK A. TAPPARO

Senator GLENN. Mr. Jehn, as I indicated, I was disappointed that one of the witnesses I requested for the first panel, Mr. Frank A. Tapparo, did not appear as I had requested. I requested the presence of Mr. Tapparo because he is the Executive Director of the Total Force Study Group. As such, he is the most senior person in the DOD who is responsible for the execution of the study on a full-time basis. His availability to the subcommittee at the hearing would have contributed substantively to a better understanding by the subcommittee of the status of the study.

For the record, I would like to know why Mr. Tapparo did not appear as requested, especially in light of conversations Mr. Fred Pang of the committee staff had with Lt. Col. Mike Powell of the OSD Legislative Affairs Office and Ms. Kim McKernan of your office late in the afternoon on April 17 in which he reaffirmed the requirements in my letter of April 10, 1990, which set out witness requirements.

Mr. JEHN. Mr. Frank A. Tapparo did not appear at the hearing because we understood that the subcommittee had concerns regarding the progress of the study to date, including DOD compliance with section 1101 of the Defense Authorization Act for Fiscal Year 1990. As Vice Chairman and Chairman of the Total Force Policy Study Group, Mr. Duncan and I are heavily involved in overseeing the study group's efforts and can speak with authority for the Secretary on the group's progress and DOD's compliance to Section 1101 of P.L. 101-189. We thought that this decision was communicated to your staff prior to the hearing, and regret any misunderstandings this may have caused.

Senator GLENN. Mr. Duncan, would you address the problem I mentioned in my opening remarks about the low state of readiness in Army Reserve combat support and combat service support units. Are you doing anything in the Total Force study to correct that problem?

Mr. DUNCAN. The Total Force Policy Study Group has been instructed to closely examine the issue of force mix in all components. Fundamentally, the combat support and combat service support problem is primarily an Army problem. At present, approximately 70 percent of the Army's nondivisional combat support and combat service support forces are in the Army Reserve. The primary reason for the low state of readiness among some of these Army Reserve support units has been a shortage of resources.

The Secretary of Defense has instructed the Total Policy Study Group to address the adequacy of equipment distribution and modernization in the Active and Reserve components, as well as, the adequacy of the current base of military personnel and equipment available for short notice rotations and deployment, in order to meet world wide defense commitments.

Therefore, I am certain that some of the recommendations of the Study Group will address this specific problem.

ACTIVE—RESERVE MANPOWER TRANSITION

Senator GLENN. Mr. Duncan, I expect the Active force to be reduced substantially over the next 3 to 4 years. Many experienced, qualified personnel will be released from active duty. What plans do you have to tap this resource? Do you need help in the form of legislation to help you capture this resource?

Mr. **Duncan**. Programs already exist in every service to ensure that members leaving active duty are briefed on part-time and full-time opportunities in the Selected Reserve. These programs work, but can be improved and I plan to encourage reemphasis by the services. All personnel released from active duty, whether separated voluntarily or involuntarily, who have a remaining military service obligation and who do not affiliate with the Selected Reserve, will be assigned to the Individual Ready Reserve. This pool of pretrained individual manpower, which is available for augmentation of both the Active and Reserve forces in an emergency, will increase in size for several years.

Providing Selected Reserve billets for those high quality personnel released from active duty may require a further tightening of quality retention factors and more vigorous screening of marginal performers and those personnel no longer making a meaningful contribution to readiness. The key objective for the Reserve components is to maintain a quality force while achieving the proper mix of age, experience, and skills. We are looking for and will encourage innovative transition programs that make the best use of selected prior service volunteers with appropriate skills.

With regard to legislation, enactment of the Reserve Officer Personnel Management Act (ROPMA) proposal would greatly assist in the Department's ability to manage commissioned officers in the Reserve and in the transition from Active to Reserve status. It represents a marked improvement over the current, outdated system.

ARMY RESERVE AND GUARD PROGRAMS

Senator **Glenn**. Mr. Duncan, your full-time manning report indicates OSD will examine the utilization of full-time support personnel in the ROTC program. It seems to me that the 607 Active Guard/Reserve officers assigned to ROTC are being misutilized. Shouldn't you withdraw these positions and have the Army fill them with Active component officers?

Mr. **Duncan**. From my perspective, ROTC instructor duty seems to be generically military and the need for specific Reserve expertise is not clearly evident. The Army ROTC program has, however, produced a great many Reserve officers for the Total Army. The Army is the only service producing ROTC graduates for immediate fill of Reserve and Guard unit positions. Therefore, a rationale exists for including officers, experienced in Reserve unit operations, in the Assistant Professor of Military Science Programs. The Active Guard/Reserve officer participation in the ROTC instructor program is however, scheduled to decline over the next few years. We are currently examining Active Guard/Reserve participation in the ROTC program closely as part of our review of the Active Guard/Reserve requirements determination process.

Senator **Glenn**. Mr. Duncan, I understand that the Army is considering a restructuring of the command structure of the Army Reserve. The effort is apparently the result of report language in the House Appropriations Committee report on the fiscal year 1990 Defense Appropriations Act. What is the position of the Department of Defense with respect to this effort?

Mr. **Duncan**. Currently, the Army is developing the new U.S. Army Reserve Command and Control (C^2) structure. This effort is expected to lead to a feasible and workable plan that will ensure the ultimate establishment of command and control in the Army Reserve. There are many complex issues affecting the transition of authorities and responsibilities. Until I have an opportunity to thoroughly review the Army's final plan, it would be premature for me to comment further on command and control at this time.

FULL TIME MANNING—AGR AND CIVILIAN TECHNICIANS

Senator **Glenn**. Mr. Duncan, have you done any cost benefit analyses that compares the technician program against the AGR program that you can share with us? Should the Congress consider phasing out the AGR in the National Guard if it turns out to be more costly?

Mr. **Duncan**. Active Guard/Reserve and military technicians are two of the four types of full-time support personnel within DOD, the other two being Active component and pure civilian. All four have a place in the Reserve components.

Current DOD guidance directs the Reserve components to use the most cost effective form of manpower consistent with job and readiness requirements. Consequently, there are significant differences in the utilization of full-time support personnel in the programs of the military departments. These differences emanate from the unique structures and functional needs of each component as developed over time.

DOD supports the findings of the 6th Quadrennial Review of Military Compensation on cost comparisons between Active Guard/Reserve and military technicians. Relative cost savings from using one form of full-time support rather than another, will occur only at the margins as the result of program growth or realignment; thus cost savings, certainly in the short term, are very unlikely to result from any full-time support force mix decisions.

Since there are valid reasons for the utilization of all four types of full-time support personnel, I cannot subscribe to the elimination of one type in favor of another. In reply to your specific area of concern, military technicians provide a degree of stability not generally found in the other types of personnel. They are particularly valuable in the maintenance areas where job longevity translates directly into higher skill proficiency. On the other hand, Active Guard/Reserve member utilization is in positions which are more uniquely military. Commanders have more flexibility in the utilization of the full-time military Active Guard/Reserve members. This is essential for certain missions requiring immediate military readiness and also in jobs such as recruiting, where military status is needed.

Senator GLENN. Mr. Duncan, 2 years ago, I raised the issue of the concerns raised by civilian technicians about their treatment. You may recall that these concerns involved mandatory wearing of military uniforms while performing work in a civilian status, due process with regard to civil service appeal actions, and their status as non-competitive service employees among others. Have you done any work on these issues since I raised them with you 2 years ago?

Mr. DUNCAN. I would like to answer the last part of the question first as it is the most important. Dual status, that is military membership as well as civilian status, is a key aspect of the full-time support program. Military technicians are required to be a member of a reserve unit and to mobilize with that unit. To require anything less would be a serious drawback to military readiness. Military technicians, as full-time employees, are a key part of every unit and losing the technician to the unit during mobilization could seriously impair unit operational capability. Hence the dual status requirement. Noncompetitive status is the best method of ensuring a dual status force and the Department therefore strongly supports excepted status for the National Guard military technicians.

With regards to the "due process" issue, the Department has continued to oppose legislative proposals which would change the provisions of the National Guard Technicians Act of 1968. The act recognizes the unique role that military technicians play in the national defense structure and changes of this nature would seriously undermine the readiness of the Guard by deemphasizing the military nature of the technician program.

The long standing requirement for National Guard military technicians in the excepted service to wear the military uniform is founded on several points. First and foremost is the fact that the National Guard is a military organization and the technicians are the daily representation of that fact in their contacts and associations within their communities. Moreover, these uniforms are designed to meet the varied military duties and climatic conditions encountered. Important also is the fact that the issue of military wearing apparel to enlisted technicians is a financial advantage to the individuals. Each military technician gains and maintains his technician status on the basis of being a member of the National Guard and does not have to qualify competitively under a Civil Service examination, but rather must be job qualified in the military and civilian speciality for which they are hired. The uniform displays this fact. It is a sound policy and, taken overall, supports the military readiness of the National Guard.

Senator GLENN. Mr. Duncan, last year, Senator Thurmond introduced a bill, S. 1775, which would authorize Federal support to State Defense forces. These are forces that are essentially the Reserve for the National Guard in certain States.

What is the Department's position on authorizing any Federal support for these State Defense forces?

If this authority was enacted, how would you regulate any Federal support provided to the State Defense Forces, such as surplus equipment? For example, how would you set priorities and control use?

Why should the Federal Government be in the business of subsidizing forces over which it has no control?

Mr. DUNCAN. The Department has not formulated a position on the proposed legislation, regarding the establishment of the State Defense Forces. Since the Department does not yet have an established position, I am unable to address the last portion of your question.

RESERVE COMPONENT ATTRITION

Senator GLENN. Mr. Duncan, I have received a number of complaints from so-called "grey area" retired reservists. These are personnel who have 20 good years for retirement purposes but who are not eligible to draw retirement pay because they are not yet 60 years old. These "grey area" retired reservists are not entitled to I.D. cards, and are not allowed to use the exchanges or commissaries. There are other anomalies in their treatment when compared to other military retirees.

What is the Department's position in authorizing these "grey area" retired reservists an I.D. card?

How about shopping privileges in the military exchanges and commissaries?

Would you provide for the record the current entitlements for these "grey area" retired reservists and the added benefits, if any, you believe they should be entitled to along with appropriate justification?

Mr. DUNCAN. The Department of Defense is in the final stage of coordinating a new policy that will allow retired National Guard and Reserve members, who are qualified for retired pay at age 60, but not yet 60, to become eligible for benefits under the provisions of the new Morale, Welfare, and Recreation Directive. The new directive will outline patronage benefits for these members and members of the Individual Ready Reserve who have qualified for retired pay and are in a non-pay status. It is proposed under new policy that retired Reserve members have access to military exchanges, clubs, golf course, and temporary lodging facilities. Access to the commissary stores by gray area retirees was not recommended by the Sixth Quadrennial Review Military Compensation due to a requirement for additional appropriated fund support and is not being considered at this time.

Retired reservists would be eligible for these benefits after completion of at least 20 years of satisfactory service and upon transfer to the Retired Reserve. Under the proposed policy change, members will be authorized benefits by providing valid identification, using DD Form 2 Reserve Identification Card now required by DOD Instruction 1000.13.

Providing these benefits immediately upon retirement will serve as a means by which Grey Area retirees may continue their affiliation with the military community.

PROGRAM OVERSIGHT—USCGR, USMCR, USAFR

Senator GLENN. General Looney, last year, the Committee on Armed Services directed the Secretary of the Navy and the Commandant of the Marine Corps to take appropriate action to ensure 100 percent manning of authorized positions at the Marine Corps Reserve Support Center, Marine Corps Finance Center, and Marine Corps Central Design and Programming Activity to correct inadequacies in the support of Marine Corps Reserve personnel requirements.

Has the Marine Corps complied with the committee's direction? Are there (sic) facilities manned at 100 percent of their authorized strength?

General LOONEY. The Marine Corps has indeed complied with the committee's direction by conducting an in-depth analysis of the staffing requirements of the Marine Corps Reserve Support Center, the Marine Corps Finance Center, and the Marine Corps Central Design and Programming Activity. We have determined personnel shortfalls were not the major contributing factor to pay problem responsiveness, the processing of Active duty orders, travel settlements and the maintenance of pay records. Improved management procedures have been introduced throughout the organization to offset a requirement to increase the number of personnel and this should correct the problem.

Senator GLENN. Does the Marine Corps Reserve have the capacity to absorb added missions from the Active forces?

General LOONEY. The Marine Corps Reserve has the capacity to absorb added missions from the Active force. Difficulties with demographics, resources, facilities and training areas, however, could preclude the stand up of new units in new locales in order to accept the new missions. The missions considered for Reserve execution must be carefully chosen, so that readiness is still maintained.

QUESTIONS SUBMITTED BY SENATOR TRENT LOTT

ARMY NATIONAL GUARD

Senator LOTT. General Burdick, you have proposed elimination in fiscal year 1993 the 1/108th Regimental Cavalry Squadron of the Mississippi National Guard as part of overall force structure changes. That does not make much sense to me. If we are going to be taking down heavy numbers in the Active component—which no doubt we will—it makes more economic sense to preserve the structure in the Reserve components and use it for mobilization. I know this is a fine unit in a State that has a tradition of outstanding support for the National Guard. How do you justify pursuit of this announced course of action?

General BURDICK. Army National Guard (ARNG) force structure proposed reductions are based on a Headquarters, Department of the Army plan. The 1/108th Armored Cavalry Squadron (ACS), Mississippi ARNG was proposed for reduction because the unit does not have a defined wartime mission. To reach the massive numbers of proposed structure reduction, large combat units had to be selected. Retention of this unit without an appropriate wartime mission was not justifiable. The squadron was organic to the 116th Armored Cavalry Regiment (ACR) prior to 1 October 1989. On that date, 116th ACR converted to a Heavy Separate Brigade and became Roundout to the 4th Infantry Division (Mechanized). 1/108th ACS did not make this conversion thus losing its wartime mission. The unit has been retained in the force as a separate Armored Cavalry Squadron without a wartime mission. Its retention is no longer defensible.

[Whereupon, at 12:24 p.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

TUESDAY, MAY 15, 1990

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

MEDICAL PROGRAMS

The subcommittee met, pursuant to notice, at 9:34 a.m., in room SR-232A, Russell Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Exon, and Lott.

Committee staff members present: Madelyn R. Creedon, counsel; and Lucia M. Chavez, research assistant.

Professional staff members present: David S. Lyles and Frederick F.Y. Pang.

Minority staff members present: George K. Johnson, Jr., professional staff member.

Staff assistant present: Debra A. Rice.

Committee members' assistants present: Andrew W. Johnson, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Phillip P. Upschulte, assistant to Senator Glenn; Patrick F. McCartan, assistant to Senator Lott.

STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. This hearing will be in order. We will start and try to get as much done as we can. We have a 10 o'clock vote this morning, so I will have to leave at 10 o'clock for a few minutes. We will call a temporary recess at that time, but until then we will do the best we can in getting on with the subject this morning.

Senator McCain has indicated that he would be a little bit late and that it would be okay with him if we go ahead.

The Subcommittee on Manpower and Personnel meets this morning to receive testimony on the medical programs of the Department of Defense in review of the fiscal year 1991 defense authorization request. These programs provide for the health care of 9.2 million beneficiaries worldwide at an annual budget of $13 billion, so we are not talking about a small program.

Health care for our military personnel in peace and war is essential to the combat readiness of our forces. At the same time, military personnel view health care for military dependents and retirees as one of the most important benefits for serving in the military.

And I would add that most people coming in, as has been the case for many decades, look at this as part of their contract. And though it always says "space available" and things like that nevertheless people in the military have looked at this as one of the rights of their contract through the years, and when they do not have that health care they look at it as though the Government is not living up to the Government's commitment.

So, how well this care is delivered affects the morale and quality of life of our military personnel and their families, and ultimately the capability of the military services to sustain a volunteer force.

To do this important job, the Department of Defense operates about 800 medical and dental facilities, about 170 hospitals worldwide, and employs more than 170,000 physicians, nurses, dentists, and support personnel. That is no small operation.

In addition, the Department of Defense manages CHAMPUS, the Civilian Health and Medical Program of the Uniformed Services, a program for the delivery of private sector health care to non-active duty beneficiaries.

I think it is fair to say that the Congress has been very supportive of the health care programs in the Department of Defense. Over the last 3 years, the Congress has authorized substantial increases in targeted compensation to help the military services recruit and retain medical personnel in both the Active and Reserve components. The Congress has also authorized funding for new facilities and renovations and provided the necessary funds to cover the growing costs of the CHAMPUS program.

Despite this support, there remain areas that require improvement. I think the military health care benefit needs to be carefully examined because it is not very clearly understood. There does not appear to be a consistent strategy for health care delivery to non-active duty beneficiaries. Questions such as how much of this care should be provided on a cost-free basis under the direct care system, and what kind of system is needed to efficiently coordinate military and civilian health delivery to beneficiaries within a catchment area, remain to be definitively answered.

At the same time, the costs of medical care being delivered through the CHAMPUS program are growing. In fiscal year 1982, the CHAMPUS program cost $1 billion. In fiscal year 1989, the program cost $2.7 billion, nearly triple the cost 7 years earlier.

Now, whether this is all just along with the general rise of medical costs or not, I do not know, or whether it has risen faster than that. That is something that we have to look at. I know there have been CHAMPUS cost containment initiatives, and I applaud these initiatives very heartily. But, I believe it will be difficult to get a handle on CHAMPUS cost containment until we have definitive answers to the earlier questions I posed.

For example, I understand there is a shortfall of at least $667 million in the CHAMPUS account that DOD has to make up through reprogramming this year. Now, we are into another reprogramming. We just went through one reprogramming over here that we had some problems with. I hope we are not into another situation like that.

That is a very brief overview of some of my concerns about a very large and complex military medical system, and we will get into the details of some of my concerns when we hear from our witnesses.

I would add to that the questions we have had about and assigning 80 percent of the combat medical to the Reserves, as we have talked about in this committee in hearings many times. If the Reserves are to perform that function, and we rely on them to perform that function, then it should be made to work one way or the other, whatever we have to do.

So far it has not worked well, as we have pointed out a number of times before. Of that 80 percent of combat medical, that is assigned to Reserves, as I recall the figures, we are short some 71 percent on doctors in the Reserves—that is about 7,000 doctors—I think we are still short about 66 percent on nurses, which is some 31,000 nurses short.

We have talked about those figures for the last several years. They do not seem to have improved year by year, and so we need to address that, particularly in this time period when we are scaling down the total size of the military and as we are going to be looking at this Total Force Policy study which determines what the assignment of missions and roles are between the services, not only between the services, but between the Regulars and the Reserve components, and so it is important that we address that.

We also would like to address today, by whoever wants to address it, the cost overruns we have had in the past. We are looking at a cost overrun this year of maybe $667 million in the CHAMPUS account. It is going to be made up by reprogramming.

Are these budget errors or are budget games being played with us? We do not really quite know that figure yet, but when I asked the staff last evening to run out some of the figures going back through 1985 as to what the appropriation was, what the cost overrun for a particular year was with CHAMPUS, and what the total cost was, what we found is that the figures are more startling than I thought they would be, as a matter of fact.

If you look at those figures on the chart that I just passed out, in 1985 you find out we had a $27 million overrun, which was only 2 percent back then. But then in 1986 we had a cost overrun of 27 percent; in 1987 a cost overrun of 42 percent; in 1988 a cost overrun of 26 percent; 1989, dropped down to 10 percent; 1990, back up to 28 percent.

What is it going to be in 1991? I do not know, but it shows a very consistent pattern of really way, way underestimating the cost of CHAMPUS. And then we depend, I suppose, every year on making that up by either reprogramming or address it in the supplemental budget, one or the other. But that is not the way we should be doing our budgeting here, and everyone knows that. So I do not mean to blind-side you with figures like this but you are familiar with them, I am sure. I asked the question last night, they put some figures together overnight, and they are rather startling. So I would like to have those addressed if we possibly could this morning, too.

I want to welcome our witnesses this morning. They are: Dr. Enrique Mendez, Jr., Assistant Secretary of Defense for Health Affairs; Lt. Gen. Frank Ledford, U.S. Army, Surgeon General; Vice Adm. James Zimble, Surgeon General of the Navy; Lt. Gen. Monte Miller, Surgeon General of the Air Force.

I want to especially welcome Dr. Mendez since he is testifying for the first time before the subcommittee in his newly appointed position as Assistant Secretary of Defense for Health Affairs. And he, along with the rest of our DOD witnesses, have their work cut out for them as they manage health resources in a period of declining defense budgets.

So I look forward to their testimony and then working with all of you in the year ahead.

Senator McCain will make his remarks when he arrives. Senator McCain is a very valued member of this subcommittee. He works very hard and is quite concerned about the issues that we deal with, not only medical but, as you have seen some of his recent proposals on an alternate defense budget, as well with personnel matters of how we deal with letting people out of the military or forcing people out that thought they were going to have a full career in the military.

Gentlemen, we welcome you this morning, and Dr. Mendez, if you would lead off, please, why, we would appreciate it.

Before you proceed, I will enter into the record the prepared statement of Senator Pete Wilson.

[The prepared statement of Senator Wilson follows:]

PREPARED STATEMENT BY SENATOR PETE WILSON

Mr. Chairman, I am pleased to join you in welcoming our distinguished witnesses to this morning's subcommittee hearing.

Today, I would like to focus on a program that I know has the full support of the Defense Department's Office of Health Affairs: the Composite Health Care System (CHCS). Before the development of CHCS, DOD and the services lacked any automated data processing capability to improve the quality of health care services for America's 10 million Active duty forces, retired personnel, and their dependents.

Yet thanks to the vision of the Reagan administration and the continuing leadership of Dr. Mendez, DOD began a study of this issue 4 years ago that has blossomed into a department-wide computer program undergoing Operational Test and Evaluation at this time.

CHCS, Mr. Chairman, will revolutionize military health care. It will allow doctors, administrators, nurses, and emergency personnel to exchange critical patient information in a matter of minutes or seconds. It will provide automation support for a variety of life-saving practices including radiology, dietetics, pharmacy prescriptions, and laboratory operations. It will, in sum, make the system of medical diagnosis and treatment for the U.S. military community—a full 5 percent of our Nation's population—more reliable.

I remain concerned, however, about some of the suggestions that the subcommittee has heard in the past about the future funding and administration of CHCS.

A tentative plan for transferring CHCS budgetary authority to the services by fiscal year 1992 would not, in my opinion, represent either a prudent or cost-efficient course of action.

This approach could cause needless confusion and duplication in matching future CHCS program objectives with reasonable funding requests. As a result, Congress may have difficulty in determining authentic out-year costs for CHCS, and the full deployment of the system could be unnecessarily postponed.

I should also add that I did not simply invent this analysis today—both the fiscal year 1989 Defense Appropriations Conferees and the fiscal year 1990 Senate Defense Appropriations Report recommended the continuation of the centralized management and financial administration of CHCS within the Office of the Assistant Secretary for Health Affairs.

I therefore urge Dr. Mendez and his staff to carefully evaluate the effects of altering the chain-of-command for CHCS funding components on the stability, schedule, and full implementation of the program before they resolve this issue.

Thank you, Mr. Chairman.

STATEMENT OF DR. ENRIQUE MENDEZ, JR., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

Dr. **Mendez**. Thank you, Senator. First of all, thank you very much for your welcoming remarks.

What I plan to do this morning, with your permission, is to present an abbreviated statement and to respectfully request that my full statement be submitted for the record.

Senator **Glenn**. With all of you this morning, if you prefer to do that, why, your entire statements will be included in the record.

Dr. **Mendez**. Thank you, sir.

I certainly thank you for this opportunity, Mr. Chairman, to present an overview of the defense medical programs for fiscal year 1991. I particularly want to address three things that you have already stated concern for: the area of Total Force Policy; the retention and compensation of military health care professionals; and the effect of management and cost containment strategies for the Military Health Services System.

Mr. Chairman, I now serve as a member of the Total Force Policy Study Committee established by the Secretary, and I am confident that the examination of our Total Force Policy, which is now under way, will allow for a coherent expression of our wartime needs and combat service support. I know this preoccupies you particularly, and I believe I will have the opportunity to participate in that very decidedly, to try and ascertain the appropriate share of the medical strength in the Active and the Reserve components.

Wartime medical requirements will change as a result of the strategic transformation of our national defense commitments, particularly in Europe. However, I really do not foresee the demand for peacetime health care shrinking in the same type of ratio as a result of planned force reductions. In fact, if significant reductions are applied to medical personnel, the effect of the force reductions will be to further erode the ability of the Military Health Services System to perform its mission within military hospitals and clinics.

I am concerned about the upcoming force reductions and the potential impact on health professionals. As you just stated, a large number of our health professionals are Reserve officers with no specific statutory protection, and thus vulnerable to reductions.

While I am confident that all services are taking measures to protect medical officers from reductions, the flexibility contained in the Department's proposed officers management legislation submitted to the Congress in July 1989, will help in preventing early reductions of health professionals.

Mr. Chairman, this subcommittee has pursued, aggressively and effectively, the problems of recruitment, retention, and pay which face our military and civilian health care provider force. I certainly thank you for that and for your leadership in improving pay for many of our health care providers.

With the assistance of the Congress, the Department now has management tools that are quite significant with which to confront the problems of manpower in both the Active and the Reserve components. The increases in special pays for physicians and new pays for nurses provided by Congress make us more competitive with the civilian market and indeed allow us to prove to those hard to retain specialists that we want and need their valuable services.

The physician special pay increases effected by the Fiscal Year 1990 Authorization Act have indeed improved the Department's ability to attract physician specialists to the Active force, as well as to retain a larger number of experienced active duty specialists.

If we analyze the fiscal year 1989 results of the medical officer retention bonus, it shows that the program has had a positive effect on retention. Of the total eligible physicians, 53 percent accepted multi-year contracts, and of those who accepted, 83 percent elected 4-year contracts.

We are now eager to build a permanent structure of medical special pays incorporating a multi-year feature. We must demonstrate logical, congruous thinking to our health professionals. We must demonstrate stability and avoid further perturbations brought about by policy swings in this matter of pay.

To aid in the recruitment of nurses, we have moved quickly to implement the new authorities that were enacted last year: the 2-year test for an accession bonus, the incentive special pay for nurse anesthetists, the nurse officer candidate accession program. The new legislative programs and other initiatives to improve recruitment and retention of physicians and nurses are now in place.

Early signs of improvement are already evident and everyone I speak to about this is optimistic that these measures will enhance the Department's ability to attract and retain the health professionals we need.

I turn now to the operation and efficiency of the total Military Health Services System. My overriding concern is basically one: to provide more patient care in DOD's military treatment facilities to meet our benefit mission, to maintain our training programs and reduce CHAMPUS costs.

This can only be accomplished, in my view, by a closer coordination on the part of the major sources of care. You see those sources exemplified right here in front of you: the Army, the Navy, the Air Force, the CHAMPUS program, and alternative civilian health care networks.

I will use a term now—the term is "coordinated care"—to describe the Department's approach to effecting managerial improvements in the Military Health Services System. I believe coordinated care is at the heart of our strategy to deliver the military health care benefit in the most effective and efficient way.

Our strategy will address CHAMPUS and the direct care system as integral parts of the whole, not as separate entities. These elements of the total system must interact closely, with the local military hospital commander put in a position to manage health care for his or her population.

Managed care techniques, embraced by a coordinated care approach, can accomplish three major objectives: first of all, that of cost containment; second, the improvement of access and beneficiary satisfaction with care; and third, improved coordination between the CHAMPUS base and our military hospitals and clinics.

And I believe we should properly continue to pursue that course in the future.

For the CHAMPUS program, I regret to inform you that indeed what you stated is correct: The estimated shortfalls are there for fiscal year 1990 and fiscal year 1991. The latest actuarial projection is that CHAMPUS will indeed be from $640 million to $740 million short in this fiscal year and that it will exceed the President's budget request for fiscal year 1991 by approximately the same amount.

These shortfalls are the result of several factors. First and foremost is an increase in volume and demand for care. Second, recent increases in funding for military hospitals and clinics did succeed in increasing in-house workload, but those increases and the increase in in-house workload have not kept CHAMPUS workload from increasing at the same time.

Finally, in contrast to virtually all civilian health care plans, in which cost-sharing by beneficiaries has doubled or even tripled since 1985, the increased cost of health care services in either CHAMPUS or military hospitals has been absorbed by the Military Health Services System, and health care benefits for all categories are basically unchanged.

We are moving ahead to institute a number of needed cost containment measures in the CHAMPUS program. The CHAMPUS Reform Initiative, or CRI as it is called, is now under way in California and Hawaii, and in my judgment is particularly promising. All indications are that CRI is doing the very things it was designed to do, namely to increase beneficiary satisfaction, to improve access, and control costs.

The CHAMPUS costs under CRI have grown approximately 4.5 percent annually. RAND estimates that the CHAMPUS cost growth without CRI for that same region would have been in the 22 percentile. Beneficiaries are happy with the CRI program. Some 11,000 physicians and 130 hospitals have joined the CRI provider network. Military hospital commanders have voiced strong support for the program.

And further, substantial improvements have occurred in the financial capability of the contractor. The substantial startup problems with both network and standard claims are now truly down, with very few individual exceptions.

I have not yet made a final decision to exercise the contract option for expansion into Arizona, New Mexico, and Nevada. I will keep this subcommittee closely informed on this, as well as all other issues facing us as we proceed into the future for the Military Health Services System.

Mr. Chairman, I thank you for the opportunity to appear before you today. This is just quite a short statement and I will be most happy to both entertain and answer whatever questions you would have on that.

[The prepared statement of Dr. Mendez follows:]

STATEMENT OF

DR. ENRIQUE MENDEZ, JR.
ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

Mr. Chairman, Members of the Subcommittee,

Thank you for this opportunity to present an overview of the Defense medical programs and budget in Fiscal Year 1991. I particularly want to address the specific concerns of this Subcommittee in the areas of Total Force Policy; recruitment, retention and compensation of military health care professionals; and operation and effectiveness of the Military Health Services System.

MHSS Funding

Total funding for military medical programs in Fiscal Year 1991 is approximately $13 billion. Of the total, approximately $10 billion is required for day-to-day operation of our medical system which is designed to serve more than 9 million eligible beneficiaries. Of the $10 billion needed for health care operations, about $6.7 billion, or two-thirds, is devoted to operation of medical treatment facilities throughout the world. Nearly one-third of the $10 billion annual operating cost, or about $3.2 billion, is required to pay for care purchased from civilian providers and financed through the CHAMPUS program.

I would like to offer several observations concerning funding for military medical programs in Fiscal Year 1991.

o First, health care benefits for all categories of DoD beneficiaries are unchanged. Total health care expenditures for the Military Health Services System have grown approximately 51% in the period 1985 through 1989. This rate of growth compares favorably to the 54% increase in health care expenditures nationwide during the same period, during which premium payments for virtually all civilian health care plans grew dramatically, doubling or even tripling in cost. In contrast, none of our increased costs of operation in either CHAMPUS or the direct care system has been passed on to our beneficiaries.

o Increasing utilization continues to drive dramatic increases in CHAMPUS spending. CHAMPUS will be over $740 million short in this fiscal year and will exceed the President's budget request for Fiscal Year 1991 by $ ___ million. Our method of estimating CHAMPUS funding consistently understates funding needs, and has to be corrected. But the most basic cost driver in the CHAMPUS program continues to be the increase in volume and demand for health care services.

o More than half of the operations and maintenance growth in Fiscal Year 1991 is attributable to inflation and increases in civilian personnel salaries and benefits. This portion of the overall increase simply sustains existing health care operations and will not result in more capability.

o Part of the increase in the FY 1991 budget will support increased demand for services. This fulfills our strategy of investing resources in the direct care system to help recapture CHAMPUS workload. The increase will help the Services contract for additional health care providers and support personnel, improve technology, operate three additional PRIMUS/NAVCARE clinics, and pay for increased workload at the Uniformed Services Treatment Facilities.

o The FY 1991 budget does not anticipate reimbursement from the Department of Health and Human Services for medical services provided to Medicare eligibles in military treatment facilities, an amount probably in excess of $500 million

o Finally, the demand for health care will not shrink substantially as a result of planned force reductions, since active duty members and their dependents constitute less than half of all beneficiaries (47%), and use considerably less health care than do retirees. In fact, if reductions are applied to medical personnel, the effect of the reductions will be to further erode the ability of the Military Health Services System to perform its mission within military hospitals and clinics.

Total Force Policy

Mr. Chairman, as you know, I am a member of the Total Force Policy study committee established by the Secretary. In addition, I have dedicated two full time people to complement its staff.

Obviously wartime medical requirements will change as a result of the strategic transformation of our national defense commitments, particularly in Europe. I am confident that the examination of our total force policy which is now underway will allow for a coherent expression of our wartime needs in combat service support, and the appropriate share of the medical strength in the Active and Reserve Components.

I know that you have expressed frustration about the Department's ability to articulate and realize its medical manpower requirements in both Active and Reserve Components.

Although shortages in medical manpower continue to be apparent based on historical wartime scenarios, we can point to a 30 percent increase in active duty physicians in the most critically short wartime specialties since 1981. There has been a 50 percent growth in reserve physicians and a 70 percent growth in nurses serving in the Ready Reserve. The Army has exceeded its recruiting requirement for Reserve nurses in FY 1990 by over 1200. These are very positive indicators of the success of our recruiting efforts. These achievements will not be discarded as we reshape our total force requirements.

Requirements for medical care will always have as their basis the active force and its war fighting mission. But health care entitlements to 9.2 million DoD beneficiaries dictate a medical requirement of their own. The mission to support our fighting forces with a trained and ready medical force also produces a substantial peacetime complement. Understanding the full scope of the peacetime requirement is also a part of the challenge that lies ahead.

Medical Manpower

Mr. Chairman, this Subcommittee has pursued aggressively and effectively the problems of recruitment, retention and pay facing our military and civilian health care provider force. I want to take this opportunity to thank you for your leadership in improving pay for many of our health care providers. With the assistance of the Congress, the Department now has a powerful arsenal of management tools with which to confront the problems of manpower in both the active and reserve components.

Special Pays

Increases in special pays for physicians and new pays for nurses make us much more competitive with the civilian market. Particularly, the increases in Variable Special Pay, Additional Special Pay, and Board Certified Pay for Physicians, along with extension of the Medical Officer Retention Bonus, allow us to prove to those hard-to-retain specialists that we want and need their valuable services.

The Health Professionals Special Pays Studies completed by the Department during Fiscal Year 1989 provided comprehensive reviews of compensation for active duty physicians, nurses and other health care providers. The findings of these studies were reported to Congress, together with recommendations and legislative proposals for significant increases to compensation for physician specialists to enhance competitiveness with private sector compensation; accession bonus authority to aid recruitment of nurses; and incentive pay to help attract and retain nurse anesthetists.

Medical Officer Retention Bonus

The Fiscal Year 1990/1991 Authorization Act substantially increased most physician special pays and continued for one additional year the temporary Medical Officer Retention Bonus, while providing increased amounts of Incentive Special Pay to replace the bonus beginning in Fiscal Year 1991. These special pay increases significantly enhance the competitiveness of military physicians' pay with the private sector, and improve the Department's ability to attract physician specialists to the active force as well as retain larger numbers of experienced active duty specialists. In addition, new authority for a new financial grant and stipend incentive, the Armed Forces Health Professions Financial Assistance Program, is being used to attract physicians undergoing advanced professsional training in specialties which are in short supply.

Analysis of the results of the Medical Officer Retention Bonus in Fiscal Year 89 shows that, of 4661 eligible physicians, 53% accepted multi-year contracts. Of those who accepted, 83% elected four-year contracts. The program has had a positive effect on retention. Multi-year contracts appear to be a powerful management tool and allow us to get the most from our retention dollar. We are optimistic that the extension of this multi-year retention incentive for FY 90 will continue to prove useful in building an experienced career force.

Although extension of the Medical Officer Retention Bonus has been helpful, we are eager to build a permanent structure for medical special pays. I envision a permanent program that continues a multi-year contract component and reflects consistency in policy and in pay. We must demonstrate logical, congruous thinking to our health professionals and avoid further perturbations brought about by policy swings.

Physician Retention Goals

I share your concern that the absence of quantifiable retention goals impedes the establishment of a credible, long-term manpower program. My office is now working, in concert with the Office of Force Management and Personnel and the Services, on a robust initiative to develop physician retention goals. A pilot study was completed in April that developed experience profiles in Family Practice and Emergency Medicine. The experience profiles will be used to produce retention goals for those specialties. It is a prelude to the scheduled completion of retention goals for all physician specialties by the end of Fiscal Year 1990.

Nursing

The practice of nursing in the military is continually challenged by the current crisis in the profession. Competition for highly skilled nurses is intense. Retention strategies to improve personal and career satisfaction are evolving in the civilian sector and in the military as well. The Army is conducting research into its nursing needs with its recent "Proud to Care" survey. Workload Management Systems are being established to enhance the accounting of patient care demands and to balance patient acuity with clinical support staff requirements. Preparation at the Master's Degree level for such clinical specialties as Nurse Anesthesia and Midwifery has been upgraded. Career tracks that can promote clinical as well as management leadership roles are being developed to resolve the professional development concerns within the nursing community.

I am personally dedicated to seeking every possible avenue to improve nursing as a career in the military. Nurses are an invaluable part of the military health care team.

To aid in recruitment of nurses, we have initiatived the two-year test authorized by Congress for an accession bonus up to $5,000 for nurses who agree to come on active duty for at least four years, and Incentive Special Pay up to $6,000 per year for nurse anesthetists. Congress also provided authority for a Nurse Officer Candidate Accession Program offering financial assistance for nursing students at schools without a

Reserve Officers' Training Corps (ROTC) program, in return for active service. The Services have expanded use of the ROTC Scholarship Program, as well as funded educational programs for enlisted medical personnel, to provide additional financial incentives for increasing the supply of new active duty nurses. The Department has also recently expanded the Armed Forces Health Professions Scholarship Program to nurse anesthesia students, and each Service has implemented this incentive program to aid in obtaining trained nurse anesthetists.

I am closely monitoring these initiatives to assess their impact for the Department in meeting its considerable need for nurses in both the Active and Reserve Components.

Increase in Appointment and Retention Ages

In Fiscal Year 1989, a total of 1221 active and reserve physicians and nurses age 40 and older were added to our military medical forces who would previously not been eligible to service. The accessions were based on new authority granting an increase in age of appointment for medical officer personnel to not less than 47. The number of applications for active duty and reserve services from physicians and nurses age 40 and older has also increased significantly.

Authority to retain certain physicians and nurses on active duty or in the Reserve Components beyond the mandatory retirement ages has resulted in retention improvements. In FY 1989, 1278 active and reserve physicians and nurses were retained beyond the mandatory retirement ages, as a result of the new authority.

By expanding the size of our recruitment pool, especially for nurses, these new authorieis have produced real results in helping the Department to meet recruiting objectives and in allowing us to retain experienced professsionals longer. I fully expect the Services to continue to take advantage of these fruitful recruitment and retention tools.

Reserve Programs

On the Reserve front, legislative innovations have contributed to significant growth in Reserve Component staffing. We have increased by more than 13,353 physicians and nurses since 1982, a growth of over 78 percent. Legislation such as I have discussed to increase appointment and retention age, as well as to authorize constructive credit for civilian nursing experience, gives us greater flexibility in recruiting older health professionals. And improvements to educational loan repayment and stipend incentive programs have proven to be effective in attracting health care providers into the Reserves. As of December 31, 1989, total enrollment in the Loan Repayment program across all three Services was 129; total enrollment in the Stipend program was 848.

Regarding the loan repayment program, we submitted a legislative proposal to the first session of this Congress to increase the annual loan repayment amount to $4,500 and the total repayment per participant to $30,000. It further recommends extending loan repayment eligibility to health professionals who were appointed earlier than the current eligibility date, and expanding loan repayment to the Individual Ready Reserve. We would appreciate reconsideration of this proposal during the second session of the 101st Congress.

The new legislative programs and other initiatives to improve recruitment and retention of physicians and nurses are now in place. Although it may be some time before their effectiveness can be fully evaluated, early signs of improvement are already evident and we are optimistic that these measures will enhance the Department's ability to attract and retain the health professionals we need to staff the military health care system.

Operation and Efficiency of the Military Health Services System

Workload

My overriding concern in improving trhe operation and efficiency of the Military Health Services System is to provide more patient care in DoD's military treatment facilties, in order to maintain our training programs and to reduce CHAMPUS costs. This must be accomplished by closer coordination of care by its major sources: Army, Navy, Air Force, CHAMPUS, and alternative civilian health care networks.

Following are several observations about our total system workload:

o Inpatient admissions in our hospitals are declining, consistent with national trends. From 1985 to 1989, total admissions, both those in military hospitals and those financed through CHAMPUS, decreased nearly 7 percent, from 1.3 million to 1.2 million. Meanwhile, although outpatient visits for the total system increased 2.8 percent (from 54.3 million to 55.8 million) the number of visits in military facilities actually decreased by about 2 million, or 3.9% during the full period from 1985 through 1989. This workload shift on the ambulatory care side includes high cost procedures which until recently were performed as inpatient procedures. The increase in medical workload was absorbed by the often more costly CHAMPUS program, in which outpatient visits increased during the same period by 3.4 million, or nearly 65%.

o Certain types of CHAMPUS costs have exploded and need immediate managerial challenge, especially inpatient psychiatric care for children and adolescents, all outpatient care and pharmacy costs. In fact, the entire increase in CHAMPUS costs between 1986 and 1989 was in these three areas. Inpatient mental health care in particular increased by 127%. In 1989, all mental health costs represented 25% of the total CHAMPUS costs. According to a recent national news story, CHAMPUS mental health care benefits are regarded by certain providers as the "Cadillac" of inpatient mental health care benefits. I have deep concerns about this from a clinical as well as a cost point of view.

o The percentage of patients 65 and over, and not eligible for CHAMPUS, who seek care in DoD medical facilities is increasing significantly. Except for active duty members, they represent the only in-house workload which has not decreased significantly since 1985.

The contrast between our CHAMPUS eligible population and our Medicare eligible population is striking:

Admissions since 1985 in military hospitals are up 15% for medicare eligible retirees and dependents of retirees, but down 15% for CHAMPUS eligibles;

Outpatient visits in-house are up 13% for Medicare eligibles, but down 9% for CHAMPUS eligibles.

The number of persons who are CHAMPUS eligible has been relatively stable since 1985, while our Medicare eligibles have increased 44% during the same period. This population is expected to grow almost 10% yearly.

As a higher percentage of our paatients get older, the impact on workload can be dramatic. A patient aged 65 to 74 consumes twice the annual hospital days of the 45 to 65 year age group. By the time a patient reaches age 75, he or she consumes 4 1/2 times the annual hospital days of the 45 to 65 year age group.

The presence of Medicare eligible patients in a military hospital or clinic can force dependents of active duty members and other beneficaries out onto CHAMPUS.

o The most recent information on work being done by military facilities suggests that our investment strategy for the direct care system is paying off by increasing access to DoD facilities. But it has not resulted in reduced use of CHAMPUS as we had expected.

Inpatient workload in the direct care system for FY 89 shows an increase in admissions for retirees and dependents of retirees over FY 88. Similarly for outpatient visits, the comparison of FY 88 to FY 89 indicates an increase in total outpatient visits in military facilities of about 1 percent. Although the great bulk of the 421,000 visit increase was for active duty patients who themselves are not eligible for CHAMPUS, failure of military facilities to be able to absorb the increase in workload inevitably would have resulted in them seeing fewer CHAMPUS eligibles to make room for the active duty patients. In spite of this significant increase in-house, CHAMPUS still increased by 1.2 million visits.

o The first quarter of this fiscal year suggests that military hospitals and clinics will support 900,000 more visits than last year. This provides further proof of the capacity of the direct care system to do more. In spite of this, CHAMPUS visits will go up an additional 1.5 million over last year.

CHAMPUS Funding

The CHAMPUS budget of $2.8 billion in FY 1991, pays for nearly one third of all care provided through the Military Health Services System. For that portion of the Defense medical program, utilization is the single most influential factor driving its ever rising cost.

Department has been successful in controlling the rate of growth in the cost of a single incident of some types of inpatient care (medical/surgical and obstetrics) through payment reforms such as Diagnosis Related Groups to reimburse hospitals, and applying the Medicare Economic Index to individual providers. We seek codification of using the Medicare Economic Index as part of our FY 91 medical program.

The cost of a CHAMPUS admission actually decreased 2% from 1987 to 1988 and rose only 3% in 1989, in stark contrast to annual growth of 19% in 1986 and 14% in 1987. And the cost increase for a CHAMPUS outpatient visit was 5% in 1989, exactly half the 10% rate in 1988. But the number of CHAMPUS visits shot up by 1.4 million or 19% in one year.

In addition, in California and and Hawaii, where 16% of our CONUS beneficiaries live, the fixed price nature of the CHAMPUS Reform Initiative contract has protected us from significant growth in both unit costs and volume costs. CHAMPUS costs there have grown only 4.5 percent annually. RAND estimates that the CHAMPUS cost growth without CRI would have been 22 percent.

But for the bulk of CHAMPUS, costs continue to go up, driven by the single most important cost element, the increase in volume and demand for care.

Once again we are facing a CHAMPUS shortfall in FY 1990. That amount will be about $740 million according to our current estimate. About $100 million of this shortfall is the result of a carry-over into FY 90 of unpaid FY 89 claims. The balance is explained primarily by increases in utilization, unrealized saings from direct care investments, and a very costly inpatient mental health benefit.

Obviously the President's budget does not fully fund CHAMPUS for Fiscal Year 1991. We believe that the requirement will be $ ___ million greater than the budget request. We are monitoring the FY 1991 CHAMPUS funding situation closely.

You can see that controlling the rate of growth in unit costs is not enough. Costs continue to rise largely because our military hospitals and clinics have been unable to absorb more than about one-quarter of the increased demand for care, and because patients generally are demanding more care. The bulk of that additional demand for care ends up being handled through CHAMPUS, driving its costs significantly higher each year.

Managing Military Health Care Benefits

The experience of the military health services system in cost and workload is not unlike what is happening in the civilian sector. Private industry has responded to this crisis by instituting structural and benefit changes, and managed care programs for beneficaries. As a result, virtually all civilian health care plans cost members more, while giving them less, than the military health cre system and CHAMPUS.

In general, I believe solutions to changes in our system lie in:

o more effectively using whatever reserve capacity exists in our military treatment facilities; and

o establishing a coordinated approach to providing care which employs proven managed care approaches and better integrates the resources of our total health care system.

I will use the term "coordinated care" to describe the Department's approach to managed care for the Military Health Services System. Coordinated care is an important part of the Department's strategy to deliver the military health care benefit in the most effective and efficient way. That coordinated care strategy must address CHAMPUS and the direct care system as integral parts of a whole. As with the CHAMPUS Reform Initiative, they must interact closely, with the local military hospital commander put in a position to manage health care for his or her population. Changes or fixes to one part must take into account the effect on other parts of the system. Flexibility must be guaranteed to permit one part of the system to respond to the needs of the other.

Proven managed care techniques to be embraced by our coordinated care approach can accomplish three major objectives: first, cost containment; second, improving access and beneficiary satisfaction with care; and third, improved coordination between CHAMPUS and our military hospitals and clinics. For these reasons, I believe coordinated care is a proper future course to pursue.

While the CHAMPUS Reform Initiative is clearly a most successful innovation in applying managed care approaches to our system, projects are underway to explore other potentially successful possibilities. These include a fiscal intermediary-preferred provider contract in the southeast region, the fixed price mental health contract in the Tidewater, Virginia area, and the Catchment Area Management programs being conducted by the Army and Navy. Air Force Catchment Area Management sites are now coming on line as well.

The features of these programs include networks of preferred providers, voluntary enrollment, optional health care plans, health care finders, and resource sharing opportunities for military hospitals and clinics. The RAND Corporation is evaluating each approach to help us develop the optimal model for future managed care in the Military Health Services System.

Enrollment

I recognize that nationwide enrollment is a basic foundation upon which to build a rational and predictable system of coordinated care for military beneficiaries. Beginning with the voluntary enrollment feature of the CHAMPUS Reform Initiative, the Department has begun to gain experience with approaches to enrollment in the variety of settings I have described.

I do not yet have sufficient information about the structure and effect of a national enrollment program to make a final judgment about the exact shape of such a program for the Military Health Services System. Clearly we wish to avoid attracting thousands or eligible people back to our system who are currently receiving their health care from other sources. A legislative proposal is under consideration within the Department to request extension of the statutory requirement that a nationwide enrollment system be in place by September 30, 1990.

Technical preparations are being completed to modify the Defense Enrollment and Eligibility Reporting System to accept new information which we believe is essential to a military enrollment program, such as correct residence address, information on other health insurance, and source of care. The technical capability to collect such information should be in place by September 30, 1990.

Civilian Hiring Freeze

The Department has granted exemption for medical personnel from the freeze on civilian hiring. Without geographic restriction, each of the Services may fill up to 1,000 medical staff and medical support personnel positions in hospitals and related medical care delivery organizations. In addition, each Service Secretary has authority to exempt additional positions from the freeze on a case-by-case basis when it is essential to meet medical requirements. This exemption policy is a powerful affirmation of the importance that the Department places on improving the productivity and effectiveness of our military hospitals and clinics by protecting the most valuable resource of all, our health care providers and support personnel.

Uniformed Services Treatment Facilities

Ten former Public Health Service facilities designated as Uniformed Services Treatment Facilities are now a part of the coordinated care landscape in the Military Health Services System. Pursuant to the guidance of the Armed Services Committee, we are developing a managed care model for the USTF program. That model will incorporate such essential managed care elements as enrollment, utilization management, capitation and linkages to CHAMPUS. This model is being finalized and will soon be submitted to the Congress along with our plans to implement it. My staff has also met with Directors of the Uniformed Services Treatment Facilities on two occasions to discuss the managed care model.

We are committed to a transition of the USTF program from its present arrangement to a new coordinated care model. An essential element of that model must be that the USTFs be as cost effective as possible, certainly no more costly than CHAMPUS. Assuming that these policy objectives can be met, I foresee no change in the Department's relationship to these facilities during the transition to a new coordinated care model as well as during an initial operating period.

CHAMPUS Reform Initiative

Mr. Chairman, I appreciate the support that this Subcommittee has shown for the CHAMPUS Reform Initiative now underway in California and Hawaii. I want to bring you up to date on its status and our expansion plans.

Health care services in California and Hawaii have been delivered under the auspices of CRI for a year and a half. From its inception, the goals were threefold -- to improve the quality of the health benefit, to increase coordination between the military and civilian portions of the Military Health Services System, and, within that framework, to contain costs for the government and our service families. CRI has had a definite and measurable impact on these goals.

Beneficiaries are happy with the improved medical benefits, not having to file claims, access to preventive care, and the system of health care finders. Some 11,000 doctors and 130 hospitals have joined networks. We have close to 100 Health Care Finders in military hospitals assisting staff and patients coordinate services to meet their health care needs.

Military hospital commanders have voiced strong support for the program. Resource sharing agreements with the contractor have allowed them to respond to beneficiary needs by increasing their in-house capabilities, recapturing the generally more expensive CHAMPUS care. CRI provides our military hospital commanders with a tool that helps them manage health care services for the beneficiary population within their catchment area, at a predictable, fixed price.

Substantial improvements have occurred in the financial capability of the contractor. All financial indicators point to a company that is continuing to improve its financial condition. The Defense Contract Audit Agency changed its assessment of the company's chance of bankruptcy from likely to remote. Independeny auditors upgraded their unfavorable financial opinion to favorable.

The substantial start-up problems with both network and standard claims have been virtually eliminated, with few individual exceptions. The subcontractor hired to fix network claims has now processed 96 percent of the 1.5 million network claims received to date. Blue Cross of Washington and Alaska has processed 97 percent of the 1.6 million claims it has received.

Some mental health providers continue to be dissatisfied under CRI. With mental health costs in California and Hawaii well above the national average, CRI conducts aggressive reviews, consistent with national standards, but stricter than previously used under standard CHAMPUS. Based on what we have discovered about mental health costs in CHAMPUS, I am confident that CRI is on the right track with stricter controls on appropriate use of this benefit.

I have not yet reached a final decision on whether to expand CRI to other States in the Western region. That decision will depend on successful performance by our contractor in all components of the CRI program. I will keep this Subcommittee closely informed on this matter.

Finally, two additional programs are underway to confront the cost and utilization issues facing CHAMPUS and the direct care system as a total system: The Comprehensive Health Care

Management Program and the CHAMPUS Management Improvement Program.

Comprehensive Health Care Management Project

The Comprehensive Health Care Management Program, known as CHCM, will combine existing and new approaches to improving the efficiency of local military treatment facility management. CHCM will accelerate the development of such key managed care features as uniform measures of resource consumption that are diagnosis-based, staffing standards and beneficiary enrollment. It will include an automated decision support tool capable of providing one key element of managed care which the military health care environment often lacks: accurate information about the cost and demand for health care services in the geographical area served by the medical treatment facility.

The project will be tested beginning in FY 1991 in several locations where the Composite Health Care System (CHCS) is in place. The capability to integrate data about health care services and resource consumption, which CHCS provides, is a desirable baseline for the local management decisions that CHCM can support.

CHAMPUS Management Improvements

The CHAMPUS Management Improvement Program institutes cost containment measures needed in coordinated care. These are: preadmission review for certain non-emergency medical and surgical inpatient services under CHAMPUS; precertification procedures for CHAMPUS mental health care; non-availability statements for certain high-cost outpatient services to encourage the use of military hospitals and clinics rather than CHAMPUS; and assistance by CHAMPUS fiscal intermediaries to help hospital commanders secure discounts from civilian providers and to provide health care finder services at military hospitals.

This completes an overview of major activities underway in support of coordinated care for the military health care system at this time. A substantial planning effort is underway in my office to structure a new coordinated care program for the Military Health Services System based on the principles and programs that I have outlined. I expect to report to the Congress at the end of June, 1990, the Department's final decisions on any structural and benefit modifications that are necessary to support a new approach to care.

Before concluding, I would like to briefly mention several additional matters.

Quality Assurance

Quality assurance is the area in which I have observed the most growth and change since my departure from active duty in 1983. Our patients have a right to receive medical care of the highest quality, and to assure this right, the Department of Defense has instituted vigorous quality assurance standards.

In 1989, 121 military hospitals and 23 free-standing ambulatory clinics were fully accredited by the Joint Commission on the Accreditation of Healthcare Organizations (JCAHO). NAVCARE and PRIMUS facilities, which have greatly increased access to and use of primary care, are also required to monitor and evaluate the care provided through the accrediation process. Throughout DoD, the full scope of patient care is being evaluated on a regular basis.

As a first step to achieving quality care, we carefully review the background, education and clinical competence of all health care providers, active duty or civilian, who care for beneficiaries in military medical treatment facilities. Licensure for our providers is mandatory to assure that those who are authorized to provide independent medical care do so within the scope of their recognized practice. They create a system of checks and balances that enhance our ability to report disciplinary actions and to receive vital information about previous practice patterns.

The Department of Defense was the first Federal agency to have a Memorandum of Understanding with the Department of Health and Human Services to participate in the National Practitioner Data Bank, which is expected to begin operation this summer. It will receive and provide data on professional competence and conduct of physicians, dentists, and other licensed health care providers, and prevent the flight of problem practitioners from one State or locality to another.

The Department of Defense has strong systems in place at the local level to review the care we provide. Furthermore, we validate the quality of care our patients receive through the Civilian External Peer Review Program, a program of continuous monitoring of care by outside civilian medical experts. The Civilian External Peer Review Programs confirms the excellence of military practice and provides our practitioners with a sense of pride and professional stature.

Human Immunodeficiency Virus/AIDS

The Department has been deeply involved in the HIV epidemic since the mid 1980's. We have conducted screening of recruit applicant and active duty personnel since late 1985. During the period from October, 1985, to September, 1989, approximately 2.2 million civilian recruit applicants were screened. The overall antibody positive rate is 1.3 per thousand tested.

A similar number of active duty personnel has been screened, about 2.2 million. The antibody positivity rate is about 0.9 per thousand tested. HIV positive active duty personnel are medically evaluated to determine their fitness for continued service. Those determined to be too sick to perform their duties are medically retired or separated; those who are able to continue their duties are returned to their units, but are not assigned to deployable units or overseas.

I have had the opportunity to review in detail the Department's policy on HIV and AIDS, and I believe it to be medically sound.

Health Promotion

As a physician, I understand the tendency of doctors and nurses to concentrate on illness, because, when it occurs, it is always the first priority. But disease prevention and health promotion are essential if we are to maintain a healthy fighting force and reduce future health care costs.

I am committed to supporting a system of military health care that actively promotes lifestyles which reduce the risk to overall health and readiness.

Conclusion

To summarize, Mr. Chairman, the Defense medical program for Fiscal Year 1991 is one which provides funds to preserve military medical benefits, to meet the increased costs of providing health care, and to support investments in military hospitals and clinics.

CHAMPUS costs have continued to increase, largely due to increased volume and demand for care. A major policy objective of the Department is to return workload to the direct care system, using effectively whatever medical reserve capacity exists in our hospitals and clinics. This, coupled with using proven managed care approaches in our own program of coordinated care is the key to achieving our goal of improved management of the military health care benefit. I believe that many of the tools to achieve this are in hand, or on the horizon.

Part of our ability to achieve this goal relies on better informing our patients about healthy lifestyles, self care, rising health care costs and making informed choices about using the health care services that are available to them.

I expect that our efforts will need adjustments from lessons yet to be learned. But we are in step with, and in many cases ahead of, the best of what is happening throughout the health care industry today. I fully expect that legacy to carry us into the future of military health care as well.

Thank you for the opportunity to appear before you today. I will be happy to answer your questions at this time.

Senator GLENN. Fine, good, and all the statements will be included in the record.

General Ledford, any comments?

STATEMENT OF LT. GEN. FRANK F. LEDFORD, USA, SURGEON GENERAL, U.S. ARMY

General LEDFORD. Mr. Chairman, it is a privilege to appear before this subcommittee again.

First of all, let me echo Dr. Mendez in thanking you for the sterling support you have given Army medicine, and may I especially thank you for the medical officer and nurse special pay initiatives you have given us that have begun to help in the Active force, and the absolutely dynamite effect that the incentives have had in the Reserves, and I will give you a couple numbers in a moment.

Clearly, sir, the dramatic world changes and domestic economic issues that are at hand are going to impact on Army medicine, and we have got to have a coherent vision for the future. I would like Army medicine to have the same vision for the future that General Vuono does for the rest of the Army, and that is that we have quality soldiers and quality doctrine, the right mix of forces, the most realistic and active training, a modern force, and good leaders. And I intend to make sure that Army medicine reflects the same thing as the Army of the future does.

Obviously, this Army is going to be smaller, but we do not, at this time, have to blindly cut the Army medical department proportionately to the rest of the Army. As Dr. Mendez says, I would state that that would be quite unwise. Our patient load is not going to decrease proportionately to any cuts in the military.

So, sir, we have an opportunity, an opportunity to be even more effective as we tailor ourselves for the future, and I believe it is the sense of the Army leadership to preserve medical readiness and to preserve cost effective peacetime care.

Our balancing act between peacetime and wartime readiness is a tough act, but we have been doing it for many years and I submit we are getting better at it. Let me give you some good news about readiness. Since 1987, we have had a 40 percent increase in the number of combat-ready Reserve and Active medical units. That is good news.

We have procured 121 of the 129 DEPMEDS sets, those expensive, very sophisticated hospital sets that we have needed so desperately. We have procured most of them now, and 46 sets have been fielded and are in place.

We have fielded a tremendous amount of non-hospital equipment, stuff like 11,000 medical aid bags and 900 aid station sets and other equipment for our ambulances and our aircraft and for our corpsmen and the combat lifesavers.

The Army has approved our new doctrine, called Medical Force 2000. This doctrine is the organization and the conceptual base that, when you marry it up with the DEPMEDS equipment, should give us terrific medical capability in the future.

Our personnel programs in the Reserve forces have been extraordinarily successful because of those initiatives you in the Congress gave us. Let me give you a couple of numbers. This is what has happened since 1986. Overall in the Reserves, a 29 percent increase in doctors, 39 percent increase in nurses, a 103 percent increase in anesthesiologists, 56 percent increase in orthopedic surgeons, 34 percent in nurse anesthetists, and on and on and on. And I would like to submit those numbers for the record perhaps.

[The information follows:]

RESERVE COMPONENT INVENTORY

There has been a significant increase in the inventory of critical skill physicians and nurses in the Reserve Components (RC) between 1986 and 1989.

Category	RC Inventory 1986	RC Inventory 1989	Increase	Percent Increase
Medical Corps	5776	7429	1653	29
Anesth	160	324	164	103
Gen Surg	608	813	205	34
Ortho Surg	227	355	128	56
Army Nurse	9460	13110	3650	39
Oper Room	694	1192	498	72
Anesthetist	508	683	175	34
Med/Surg	3934	7870	3936	100

Senator GLENN. We would like very much to have those.

General LEDFORD. They are very good, sir.

Senator GLENN. I know we are not into the questioning period yet, but do those figures materially change the figures I gave a while ago about the shortage, the 71 percent short of doctors and 66 percent short of nurses?

General LEDFORD. Yes, sir.

Senator GLENN. Okay, good. We will get the new figures on it.

General LEDFORD. There is at least a modest improvement.

Senator GLENN. Good, good.

General LEDFORD. And sir, training has kept pace with the equipment and the doctrine, and I think eloquent evidence of how we can put the package together of training and doctrine and equipment is the way the military medical forces supported Operation Just Cause. We did a very fine job. That was a legitimate mid-intensity conflict. It was not a joke. It was a very difficult conflict, and we had the lowest loss of life of any war in that conflict.

In our peacetime daily care mission, we are becoming more productive. For the first half of this fiscal year, our inpatient workload is up 2 percent, outpatient up 3.5 percent. And paradoxically, as Dr. Mendez said, at the same time that we are increasing our productivity in the direct care system, the workload has gone up in the CHAMPUS system, too.

But I can tell you that we can demonstrate actuarially that we can do for $1 what will cost $1.57 to purchase in other mechanisms outside of the direct care system.

So, sir, in summary I would submit that we are a wonderful bargain for the taxpayer. We give medical readiness, which is priceless. We give a serendipitous byproduct of peacetime care and quality of life for the soldier. We have a good story to tell and I am proud to represent Army medicine.

[The prepared statement of General Ledford follows:]

STATEMENT BY

LIEUTENANT GENERAL FRANK F. LEDFORD, JR.

THE SURGEON GENERAL
DEPARTMENT OF THE ARMY

Mr. Chairman and Members of the Committee, it is a privilege for me to appear before your Committee to report on Army Medical Programs.

This Committee as well as the other Committees that we work with play major roles in ensuring that Defense Medical Programs continue to provide high quality care to Soldiers, Airmen, and Seamen and other eligible beneficiaries, and for that continued support, I thank you.

INTRODUCTION

Before I proceed, it is important that I acknowledge the dramatic changes that are occurring throughout the world and, as best that I can, describe to you the course that the Army Medical Department (AMEDD) will take to adapt to these changes as we move into the 90s.

Dramatic international political events and domestic economic issues have accelerated the process of change, and information is not keeping up with actions. This necessitates that we have a clear vision of our role and our future. The guiding principles that led to the development of this vision are the six imperatives that the Chief of Staff of the Army describes so eloquently in the FY91 Army Posture Statement. Those imperatives are:

QUALITY

The AMEDD plays a major role in maintaining the quality of life of the soldier and his or her family. We are integral to maintaining soldier satisfaction and hence recruiting and retention of quality forces, and our role takes on greater importance in times of change such as these.

DOCTRINE

As the Army seeks to maintain a forward-looking Warfighting Doctrine, the AMEDD also seeks to maintain a forward-looking support capability, namely, Medical Force 2000. Medical Force 2000 is a comprehensive program designed to improve medical support for current and future requirements of the Echelon Above Division wartime health care delivery system.

FORCE STRUCTURE

We realize that the Army will be smaller and the AMEDD will be smaller. However, we see this as an excellent opportunity for us to tailor change to make ourselves an even more effective organization that will support the Army end-state structure.

TRAINING

Training is one of the linchpins of the quality we provide. Our lead time is measured in years, not weeks and months like most other Army training. It cannot be shut off and on like a switch but must be carefully modulated to realistically meet the needs of a smaller, but better, Army.

MODERNIZATION

In general, direct care is more cost effective than any civilian options. Therefore, our aim is to provide as much care as we can within the military treatment facility. Our ability to fulfill this goal is impacted by our ability to design, modernize, and equip facilities that help us recruit and retain health care professionals and also help us to be more productive.

LEADER DEVELOPMENT

Professional education/training, assignment utilization and individual self-study are the mechanisms by which AMEDD officers, warrants, enlisted and civilians will develop to become competent and confident leaders needed to manage our very complex health care delivery system.

BALANCING MEDICAL MISSIONS

As the nation's largest comprehensive health care system, the Army Medical Department continues to work towards its mission of caring for our soldiers and, when appropriate, their families and our retirees.

This single mission, however, is divided into two complementary, but sometimes competitive, parts: health care in peacetime and in wartime, each with its own rules and requirements. Each is all consuming, and each could easily use 100 percent of our time and energy. We are becoming more adept at balancing both components in light of constrained resources. Failure to ensure anything less than complete success in either mission is unacceptable.

COMBAT READINESS

The readiness of our medical units has dramatically increased over the past two years. The well documented military successes of Operation Just Cause were paralleled by a successful medical operation. In this regard, medical support should be viewed for both its operational propriety and uniqueness.

Surgically intensive medical units and teams were in place at Howard Air Force Base prior to the contingency operation. Wounded soldiers were stabilized at Howard and then rapidly evacuated to Brooke Army Medical Center and Wilford Hall in San Antonio. This concept proved to be both economical and effective. By combining the medical resources of the joint services in a well planned, well rehearsed operation, the numbers of medical personnel were relatively small for a deployment of this magnitude. Yet, our service personnel received initial treatment at Howard within minutes of being wounded, and then were medically evacuated to San Antonio hospitals. Further, elements of an Army combat support hospital were on the ramp at Pope Air Force Base ready for immediate deployment to Panama if needed. While lessons learned are still being gathered and evaluated, preliminary reports clearly indicate that this concept and the resulting health care were outstanding in every respect.

Again, these successes must be viewed in terms of the unique characteristics of this operation. First, our combat forces were superior in numbers and training. In fact, the force packages were designed to rapidly overwhelm the opposition and to minimize casualties. We succeeded on both counts. Second, the lines of communication between Panama and the continental United States are short, thereby facilitating rapid evacuation and reinforcement as needed. Finally, a tactical command and control structure was already in place, thus ensuring good communications, total air superiority and the availability of blood, medical supplies and general logistical support. The conduct of combat operations in Southwest Asia or in other remote areas of the world, far from established support bases, would be more challenging. Thus, with your continued strong support, we will press forward in the areas of equipment modernization, training, recruiting/retention and the maintenance of adequate medical war reserve stocks to support our forces in the full range of conflict.

To keep the momentum going forward, numerous initiatives are ongoing, the latest being our exciting new concept and organization modernization effort, Medical Force 2000 (MF2K), which focuses on returning soldiers to duty as far forward as possible, increased intensive care capability in the combat zone, and enhanced surgical care far forward. Also included in the MF2K concept are improved logistical units that incorporate blood distribution capabilities, the combining of air and ground evacuation assets into evacuation battalions for superior resource utilization, streamlined command and control, and better interdiction and management of combat stress. The MF2K concept will provide appropriate health services to support the Army's Air-Land Battle doctrine.

The MF2K's functional and modular designs provide a flexible medical force that significantly increases the effectiveness of medical support provided to our soldiers and conserves the fighting strength.

The Deployable Medical System (DEPMEDS) fielding continues on track as the most aggressive hospital equipment modernization effort in our history. As of 3 May 1990 forty-six DEPMEDS hospital sets have been fielded with an additional thirty-nine Reserve component hospital units also provided Minimum Essential Equipment for Training (MEET) sets. When completed, 129 DEPMEDS sets will be fielded to provide state-of-the-art hospital equipment. Other equipping initiatives such as the new medical aid bag, combat lifesaver set, the new family of modular equipment sets for divisions, and air and ground evacuation sets are also providing modern equipment for our non-hospital units.

Training opportunities for our medical personnel and units continue to grow. We are sending medical units and teams to such places as Bolivia, Peru, Costa Rica, and Honduras to train in a realistic environment alongside host nation counterparts performing civic actions and rendering humanitarian assistance. Medical units are participating at the National Training Center and the Joint Readiness Training Center where medical scenarios allow medical commanders to integrate health service support into the tactical plan and provide combat commanders with valuable experience in dealing with casualties.

The overall goal of the Combat Casualty Care Research Program is to develop measures and materials to decrease the morbidity of battlefield injuries. Because of the need for greater participation in trauma care by Army clinicians, we are considering the possibility of proposing a new U.S. Army Trauma Center. Such a center would be modeled on the U.S. Army Institute of Surgical Research (the Army "Burn Center") where active clinical service is collocated with a research laboratory. It is essential to prepare fully for first rate medical care for the next battle. It would also benefit the civilian sector enormously by helping resolve the current national crisis in trauma management and research.

Another test of our readiness has come in Europe where 7th Medical Command has developed deployable medical teams to respond to a wide range of contingencies. These teams can be tailored to fit any mission and are ready to deploy on short notice anywhere in Europe. The teams consist of the Primary Response Section (PRS) which sorts patients, administers lifesaving measures, and prepares patients for evacuation; the Main Response Section (MRS) which normally follows the PRS to expand their capabilities; the Surgical Team which performs emergency surgical and medical procedures to augment the PRS, MRS, or hospital; the Contingency Hospital which is a 100 bed deployable hospital stored fully uploaded and able to deploy within twenty-four hours; and other medical teams such as Helicopter Ambulance, Medical Disaster Area Survey, Stress Management, Dental, Veterinary, Environmental Sanitation, and Radiological Survey plus two medical resupply packages designed to treat fifty casualties are ready for deployment within eight hours. These teams have been deployed on numerous occasions in response to medical emergencies, again proving the AMEDD's resolve to be "ready" for any and all contingencies.

An excellent example of our readiness was the "instant" deployment of a Burn Team from the Institute of Surgical Research at the request for assistance from the Soviet Union. The 26-member team deployed on a few hours' notice for a 2-week trip to help care for a large number of burn victims after a disastrous train accident in the Ural Mountains in June 1989.

The Army has been designated as the DoD Executive Agent for Veterinary Services. The Veterinary Corps shoulders a tremendous responsibility for provision of service to meet the critical peacetime and wartime needs of all branches of Service as well as for other Federal Agencies. Serving more than six hundred sites worldwide, they are the most widely dispersed element within the Department of the Army. Veterinary wartime readiness is clearly at its highest level, as demonstrated by the support provided for troop subsistence and Military Working Dogs during REFORGER, as well as nation-building efforts in Honduras. With mission requirements encompassing medical research and development, assurance of public health through provision of wholesome subsistence, and the protection of both animals and humans against disease, the role played by our Veterinary Service personnel cannot be overstated.

The dental readiness of active duty soldiers has never been better. Automation of unit rosters combined with an aggressive proactive approach by the dental units has upgraded the dental classification of soldiers to unprecedented levels, greatly decreasing the likelihood of the soldier becoming a dental casualty in times of conflict.

Dental wartime readiness is also at its highest state. In addition to equipment readiness, training is constantly improving. Nearly half of all dental officers have attended the Combat Casualty Care Course.

Another important aspect of the AMEDD's efforts to improve combat readiness is our Army Health Promotion Program. Through the integration of the HPP and the Cardiovascular Screening Program, the Army now has a total package for the involvement of the individual soldier in his own health care by modification of life style behaviors that will decrease dependence on the medical care system and maximize physical readiness.

PERSONNEL

The most pressing issue in the AMEDD today is the retention of our trained physicians and other health care professionals. Our success in retaining critically needed health professionals directly impacts on our ability to perform the Army's peacetime health care, readiness, and research missions. Retention obviously also influences our recruiting missions and requirements for tomorrow's professionals.

The Army regrettably operates a "revolving door" system in which many physicians leave the service at the first opportunity. This is a problem in that it manifests itself in a less experienced work force than we prefer to have to meet either our peacetime or wartime needs.

We have been thrust into a position of competition for scarce resources within the health care industry that is in the midst of an acute nurse and allied health personnel shortage. Civilian agencies have raised salaries, marketed education and professional development packages, and improved quality of life for their professional employees. The Army is limited in its ability to keep pace with these initiatives.

Active duty nurse recruitment and retention has not improved significantly; however, two major incentives, a $5,000 accession bonus and a $6,000 Incentive Specialty Pay for Nurse Anesthetists, have just recently been implemented.

Within the Reserve components, recruitment and retention of nurses has shown great improvement over the past year. Loan repayment programs, the Stipend Program, and a test accession bonus have all contributed to increased strength in the aggregate and operative/anesthesia specialties specifically Troop Program Unit authorizations are now filled to the 86% level.

The Army's ability to recruit and retain other health care professionals besides physicians and nurses is also being severely challenged. These difficult-to-recruit/retain specialties include, but are not limited to: optometrists, physical therapists, occupational therapists, dieticians, and physician assistants. Allied health professionals are predicted to account for the greatest shortfall in the future.

Problems with recruitment of dental officers have surfaced in recent years and continue to be a concern. Shrinking dental school enrollment combined with a lack of incentives such as increased Dental Special Pays has created a difficult recruiting environment. Dental end strength continues to be unmet.

We have identified several reasons to account for an acute shortage of physician assistants in the Army. The Army is the only service that does not commission its PA's. Some have elected to leave the Army to join other services because of the increased benefits available to them as commissioned officers.

The Army staff is reviewing this policy. High demand in the civilian sector also challenges the Army to attract enough qualified applicants for the training seats available and to retain the PA's that we do have. I am personally working to have our PA's commissioned and to improve the quality and quantity of their training in an effort to alleviate the current shortage.

Although the problems we are experiencing are not new to the Army or the health care industry, it is difficult to identify precisely specific causes and effects as to why physicians and other professionals choose to leave active duty. However, recent studies confirm what many have suspected. The physicians' major complaints involve professional job satisfaction: a perception of declining or inadequate resources, equipment, or facilities; excessive administrative duties; inadequate administrative and clinical support; and insufficient compensation. I suspect the factors that affect the retention and recruiting of nurses and other health professionals are similar.

The recruiting and retention problems we are experiencing are as multifaceted and complex as the world in which we live and work. The issue of insufficient pay and compensation is not unique. It was specifically addressed by Congress in 1981 and has been the focus of a great deal of our collective energy and efforts at the present time. The physician pay programs of the early 1980's, which were so instrumental in the recruitment and retention of physicians at that time, remained essentially unchanged until Congress provided the funds and authority to pay a Medical Officer Retention Bonus (MORB) during FY89. The bonus included all Medical Corps specialties with respective amounts linked to specialty and experience in the specialty.

Several initiatives enacted in the FY90-91 National Defense Authorization Act that are expected to have a positive impact on the recruitment and retention of health professionals include:

- Increases in the physician's special pays (e.g. variable special pay, board certification pay, and additional special pay.)
- Nurse accession bonus
- Incentive pay for certified registered nurse anesthetists
- Diplomate pay for clinical psychologists
- Armed Forces Health Professions Scholarship Program annual grants of $15,000 and monthly stipends to graduate physicians in resident programs designated as critically needed by the Secretary of Defense.

My efforts in the health professional pay arena will be to continue to strive for equity among specialties with similar educational and experience requirements as well as fair compensation for all health professionals. My criteria for any health professional special pay plan are that it must meet the Army's recruiting and retention needs, be flexible and sensitive to the marketplace, be understandable and dependable, obligate a recipient for service, be paid by specialty and not by obligated status, reward desirable professional behavior, and deny eligibility to individuals whose professional credentials have been revoked.

Congress and the Army continue to support other initiatives that are expected to have a positive influence on recruiting and retaining health professionals. A prime example is the Army Medical Enhancement Program (AMEP). Initiated in 1985, AMEP has identified the need for additional clerical and clinical support personnel to relieve physicians of many inappropriate administrative duties and to reduce job dissatisfaction. In FY88, for example, 549 additional personnel were provided to support emergency room and intensive care functions. In FY89, 496 more slots were added for Ob-Gyn nurses, technicians, and clerks. AMEP funds have also been used to hire emergency room physicians, radiologists, and other health care providers.

Gains towards achieving these AMEP objectives will continue as funding permits. Also, an additional $60 million dollars in FY90 and $73 million dollars in FY91 funds were invested into the direct health care system allowing the recapture of more costly CHAMPUS workload.

Several Reserve component recruiting and retention initiatives are underway. The New Specialized Training Assistance Program (New STRAP) provides monthly stipends for members training in critical skills in return for a commitment in the Reserves. The Health Professional Loan Repayment Program provides for repayment of student loans for physicians and nurses in critical skills in return for service in the Selected Reserves. The National AMEDD Augmentation Detachment (NAAD) offers flexible training programs for physicians and nurses in critical specialties who are unable to train on a regular basis with Reserve medical units due to geographical or time constraints. The Health Professionals Bonus (Test) Program provides bonuses for critical skill physicians and nurses in return for a commitment to the Selected Reserve.

While new programs such as MORB and the Armed Forces Health Professionals Scholarship Program have improved our recruitment and retention of active duty and reserve members, virtually no incentives have been provided to improve our recruitment and retention of civilian employees. The Army is increasingly on the low end of the scale in the salaries paid, benefits offered, and training provided when compared to the private health care industry. The Army is at a substantial disadvantage when compared to the incentives and flexibilities available to the Department of Veterans Affairs under Title 38, U.S.C. A diminished civilian workforce severely compromises peacetime health care and depletes the support base under our readiness posture.

The recruitment and retention of health professionals in resource constrained environments has presented the Army with a series of complicated challenges that do not invite simple answers. Many dedicated individuals in the Army, the Department of Defense, and the Congress are helping us seek acceptable solutions. I am confident we will prevail.

AUTOMATION

We have labored long and hard to develop a modern and effective information system to directly support our health care providers and patients. Developed by the Assistant Secretary of Defense (Health Affairs), the Composite Health Care System (CHCS) is our proposed solution. CHCS is a comprehensive, automated, medical information system which will integrate clinical and administrative support. More importantly, CHCS will link remote medical clinics to the central medical centers to provide support for integrated medical care.

CHCS has two major benefits to the Army. First, is its ability to tie multiple health care facilities into a single patient data base. Secondly, CHCS capabilities will allow us to effectively accomplish such programs as beneficiary enrollment, management by Diagnosis Related Groups and third party insurance billing. In short, the CHCS is essential for increased state-of-the-art efficiency and effectiveness in quality health care delivery, and for providing timely medical information to strategically manage our global medical system.

QUALITY ASSURANCE

A significant accomplishment during the past year was the continuing progress we made in prime source verification of our physicians' credentials and in complying with the Department of Defense requirement that physicians be licensed. Last year we reported that 93.5 percent of Army physicians were licensed. As of today, that percentage has increased to 99.1 percent. The Army's credentials verification standards exceed those of the civilian community underscore the commitment of the Army and the Department of Defense to quality medical care; this has not been an easy task since our doctors are scattered all over the world.

Other quality assurance initiatives include an improved AQCESS computer system which will provide a greater capacity to track care and improve quality; development of a centralized quality assurance data base on all Army physicians; a worldwide peer review system for sole source providers; a comprehensive quality assurance regulation; movement towards accreditation of our drug and alcohol abuse programs by the Joint Commission on Accreditation of Healthcare Organizations; and finally, national certification of our emergency medical technicians.

RESEARCH

The U.S. Army Medical Research and Development Command (USAMRDC) continues to make progress on numerous projects that have widespread impact on both military and civilian medicine. The command's major goal is to prevent and to treat disease and injury.

USAMRDC has provided another weapon to protect soldiers against the world's number one disease with the FDA approval last May of the anti-malarial drug Mefloquine. Developed under the antimalarial program at the Walter Reed Army Institute of Research (WRAIR), Mefloquine can now be purchased in the United States. Work continues on the development of a safe and effective malaria vaccine through volunteer inoculation programs of newly developed research vaccines. The vaccine has cleared regulatory review, and initial tests are promising.

WRAIR closed its U.S. Army Medical Research Unit-Malaysia, which was established in 1953, and opened a new laboratory in Seoul, South Korea. The new laboratory will provide the capability to continue the study of Korean Hemorrhagic Fever and its etiologic agent, Hantaan virus, which is a significant military threat whose far-reaching geographic distribution and importance have not been previously appreciated.

The Battle Dress Uniform (BDU) processed with the synthetic insect repellent Permethrin has proven to be very effective and will last through the expected life of the uniform. The Permethrin-treated BDU has proven to be safe, user acceptable, and practical. There are several methods of application. Individual soldiers can easily apply it to their existing uniforms. A kit containing two tubes of Permethrin and two plastic bags allows a soldier to treat his own uniforms by merely adding a canteen cup of water, one tube of Permethrin, and a single garment to each plastic bag. After soaking for several hours and then drying, the garment is ready for wear.

Data indicate that Permethrin is safe and effective. After further study to comply with EPA requirements, final assessments will be addressed and the uniforms should soon be available to the field soldier.

The new insect repellent "DEET" which has been a tremendous success has transitioned to full production and deployment stages. The Defense General Support Center is currently negotiating for a production buy following exhaustion of the limited initial supply. An additive to the topical repellent lotion to repel midges, which are serious pests but are not associated with vector-borne diseases, is also under consideration.

Since 1984 the United States Army has taken a leading role in HIV/AIDS research. The Army was the first to identify heterosexual transmission in the U.S. population and the first to focus on early diagnosis (only now becoming a national priority). In 1985 Army researchers published what has since been adopted as a worldwide classification standard: the Walter Reed Staging System. The world's highest quality testing program was developed and is still managed by Army medical researchers. The U.S. military's testing program has the highest accuracy rate in the world and yet is done at a cost of less than $3.00 per test.

Through its screening program for military applicants, the Department of Defense has provided the most meaningful data on America's epidemic; and, through the regular testing program for active duty military, provided a scientific data base for DoD policy on HIV. That policy requires entry screening, routine testing, troop education and active duty assignments that keep HIV positive soldiers on the job as long as possible. The screening programs alone has helped the American taxpayer avoid $152 million between 1985 and 1988 in cost (the last year for which figures are available).

As the executive agent for DoD AIDS research, the USAMRDC continues to fund and support the Navy's AIDS program in overseas laboratories. These Navy labs assess the prevalence and incidence of HIV-1 infections in high risk populations in Southeast Asia, South America, and Africa in efforts to evaluate the risk to deployable U.S. forces. As data from these studies are collated, an emerging picture of the epidemiology of AIDS on an international scale is presented. Other retroviral diseases such as HIV-2 have been partially evaluated in terms of risk to the continental U.S. as well as deployable forces. These studies are critical in the development of appropriate preventive measures for our personnel.

Development of vaccines to protect military personnel against offshore infectious diseases continues. Several vaccines have progressed from the concept exploration phase to the demonstration and validation stage. Others have been transitioned to full scale production.

Vaccines to protect against Hepatitis A and Hepatitis B, Argentinian Hemorrhagic fever, Japanese encephalitis, Dengue fever, and Typhoid fever are in various stages of testing and development.

Army dental research conducted at the U.S. Army Institute of Dental Research helps move Army dentistry into the future. Management of combat maxillofacial injury, treatment of infections and field dental patient management are some of the major areas of research being conducted at USAIDR. A few of these ongoing projects include:

- Development of a portable, hand-held battery-operated x-ray source weighing less than ten pounds is one our most successful projects.
- Development of microencapsulated antibiotics for the management of infections secondary to trauma.
- Progress in developing a synthetic biodegradable bone repair material.
- Computer assisted post-mortem identification (CAPMI) for forensic identification.

FY91 RESOURCES

The FY91 Health Care Budget will allow the Army to continue the current level of health care, fully fund the costs associated with providing quality health care.

Our goal is to increase the number of PRIMUS clinics from the current ten clinics now open in six locations near large military populations (one each at Fort Stewart, Fort Bragg, and Fort Benning; two each at Fort Hood and Fort Ord; and three in Northern Virginia). PRIMUS clinics are contractor owned and operated outpatient treatment facilities for military beneficiaries. The patients pay no charges, and the cost to the Army per visit is substantially less than CHAMPUS costs for the same services. So far our patients are pleased with the level of care and the convenience of PRIMUS clinics. We hope to open ten additional clinics from FY92 through FY95. We also want to expand our Exceptional Family Member Program and some of our occupational health programs to a greater extent than is now possible.

Several important funded construction projects are in various stages of completion. The replacement for Madigan Army Medical Center at Fort Lewis is 90 percent complete. When it is completed in December 1990, it will be a state-of-the-art medical facility. Due to open in November 1991, with 1.2 million square feet, MAMC will be one of our largest facilities, designed to fully address the functional needs of a teaching and tertiary care hospital. The 414 bed facility will have a mobilization capacity of 622 beds. The nine-story nursing tower can be expanded to accommodate three additional floors. One of the special features incorporated into the MAMC is the Digital Imaging Network System (DINS) to provide radiologists with fingertip access to digitized X-ray images for display and analysis at high speed from central archival data bases.

In addition to the new MAMC, a major expansion to Tripler Army Medical Center in Hawaii is nearing completion to help us provide better access to our beneficiaries in the Pacific.

BUDGET EFFICIENCIES

With the continued support of Army leadership, we are constantly exploring new ways to ensure maximum efficiency and effectiveness of available financial and personnel resources. Some of the authorized demonstration programs we have recently implemented to reduce costs and improve service to our beneficiaries are described below.

- Catchment Area Management (CAM) projects at Fort Sill and Fort Carson were operational on 1 October 1989. The demonstration provides the medical treatment facility (MTF) commander with the resources and authority to meet the health care needs of the eligible beneficiaries in the 40 mile catchment area. The MTFs use current programs designed to augment staff, including VA/DoD Sharing Agreements, the Military/Civilian Health Services Partnership Program, the Direct Care Provider Program, contractual agreements with preferred provider organizations and individual physician agreements in the civilian community.
- A Medical Health Services contract has been awarded to the North Carolina Division of Mental Health Services to provide community-based care for eligible children and adolescents in the Fort Bragg area. The project is expected to significantly reduce the use of expensive residential treatment.
- The U. S. Army 7th Medical Command in Europe is responsible for managing an out-patient medical care demonstration in Germany to test the effect of a waiver of cost CHAMPUS shares for active duty family members who receive after-duty hours emergent out-patient care in German civilian facilities.
- The CHAMPUS Reform Initiative (CRI) is a tri-service demonstration in California and Hawaii to provide health care under contract. If, as we expect, the program does enhance benefits, increase access to care, and improve quality assurance, it will be expanded to the remainder of the CHAMPUS southwest region.
- The Third Party Collection Program (formerly Coordination of Benefits Program) is an aggressive collection program at Army MTFs. All funds collected on or after 1 October 1989 through this program are to be recouped and will be

made available to the local military hospital responsible for the collection to be used to provide additional health care services capability.

- Sharing Agreements between DoD and VA facilities should result in reduced costs by minimizing duplication and under-utilization of resources. Fifty-eight agreements are in effect covering a wide variety of inpatient and outpatient services.
- Seventeen other local projects were implemented in 1989 under the Congressionally-approved program allowing each service to use up to $50 million of CHAMPUS funds for other programs that improve medical treatment facility productivity with verifiable savings.

I'm proud of the accomplishments of the Army Medical Department during the past year. I also know that we will continue our efforts to delicately balance the multitude of resources we have to meet the needs of our beneficiaries. I envision an Army Medical Department ideally equipped, staffed, trained and led to serve our soldiers under all circumstances - both in peace and in war. This goal is achievable with the dedication, intelligence, and professionalism of the 96,000 people who work in Army medicine.

Senator GLENN. Thank you, General. Admiral Zimble.

STATEMENT OF VICE ADM. JAMES A. ZIMBLE, USN, SURGEON GENERAL, U.S. NAVY

Admiral ZIMBLE. Senator Glenn, Senator Lott, thank you very much again for the opportunity to speak in this forum and to thank you, as my colleagues have, for what you have done for Navy medicine.

With your help, we have made significant progress in our performance. Our workload is up similarly with General Ledford's, both in the inpatient and the outpatient arena, and in conjunction with that our certificates of non-availability have been reduced. And it is very interesting that, despite the fact that we issue fewer non-availability statements, we see an increase in the number of units and the unit cost in CHAMPUS. I would like to address that in more detail later.

Your support for our 1990 budget has been of great help in the retention and the recruitment of personnel for Navy medicine. We have more doctors on board on Active duty in Navy medicine than we have ever had since the onset of the All Volunteer Force, with well over 4,000 doctors on Active duty today. There are more of them in training producing increased retention and increased correction of the balance inadequacies that we have had in the past between specialties. That is moving toward correction.

The retention bonus has been extremely helpful for us. We have the same figures that Dr. Mendez mentioned earlier: Well over 50 percent of those eligible in the first year have taken the bonus and the great majority of those have taken the 4-year, multiple year option.

We look very favorably on the implementation of a more permanent plan for being able to give appropriate compensation in the marketplace for our physicians.

Our nurse recruiting is way up. One hundred sixty percent more candidates have been accessed or are being considered for accession than at this same time last year. In all corps we are seeing an increase in recruitment, and we are starting to see good retention in almost every area.

QUALITY OF CARE

We are being compared in the Maryland Hospital Association Quality Indicator Project with civilian peer hospitals and we compare quite favorably in the quality of the medical care that we provide.

External peer review for all three of the services has indicated that we have exemplary quality of the clinical care provided. But going beyond that, I think that we are providing quality in terms of increased access to our system, increased timeliness, and increased appropriateness of the care that we provide.

Let me just state what is obvious to most of us, and that is the major threat to us is the economic threat that we perceive in being able to provide health care in the coming decade. We see health care costs that are escalating at what we could not imagine or predict 2 years ago when we put together the budget.

We see these escalating costs that we have no way of controlling or managing. It is only about 13 percent of the amount of dollars that we expend in CHAMPUS that we can truly influence or control or manage. I think all three of the Surgeons General fully support and subscribe to the managed, coordinated care that Dr. Mendez describes

We in Navy are steering by the wake when it comes to paying CHAMPUS dollars. We are paying billed charges in many cases, and we have no way of influencing the timeliness or appropriateness or effectiveness of the care that is being received.

I have asked all commanding officers of all of our treatment facilities to not be myopic in looking at just the concerns within the four walls of their establishment, but to look at the entire catchment area and ascertain the best ways of providing effective, timely, and appropriate care to all of those within the catchment area. And I think we all perceive a local, regional management of the care provided within the catchment area as the better way to proceed.

I thank you, sir, for an opportunity to make comments. I feel that Navy medicine today is healthier than this time last year, and we are continuing to pursue a road of good health. Thank you, sir.

[The prepared statement of Admiral Zimble follows:]

STATEMENT OF

VICE ADMIRAL JAMES A. ZIMBLE, MEDICAL CORPS

UNITED STATES NAVY

DIRECTOR, NAVAL MEDICINE AND SURGEON GENERAL

DEPARTMENT OF THE NAVY

Good morning, Mr. Chairman and members of the Committee. I am Vice Admiral James Zimble, Medical Corps, United States Navy, Director, Naval Medicine and Surgeon General of the Navy. I am pleased to have this opportunity to appear before you today to discuss the future of Navy healthcare.

This statement has five major parts. After this brief introduction, I will present an overview of Navy medicine today; review the results of the past year's efforts; discuss the challenges we continue to face in recruiting and retaining the highest quality healthcare professionals; update you on our medical readiness position; and, last, highlight some of the important items in this year's budget.

Since we last met to discuss the status of military healthcare, the price of the average indemnity-type healthcare insurance policy increased thirty percent; the healthcare component of the gross national product has reached nearly 12 percent; and we have reorganized the Naval Medical Department.

This time last year I said, "...the likelihood of our beneficiaries' continued access to the system they prefer is fading." I am pleased to report to you that the evidence now suggests we have reached the elbow of that declining curve and in some important areas we have reversed those disturbing trends. I will address these changes and the initiatives which helped create this very positive environment in greater detail in the second section of my statement.

The most critical variable in our healthcare system is personnel. Our medical department is rich in diversity. The four officer corps and two enlisted communities comprise the finest healthcare team in the world. Most of what we have managed to accomplish can be credited directly to these dedicated professionals. Yet, in every personnel community, we continue to face challenges that threaten our fragile progress. The third part of my statement discusses these challenges, their likely impact if not quelled, and suggests approaches to resolving them.

The fourth section speaks to medical readiness. On November 11, 1989, the military imperatives for the free world in Europe changed dramatically. The changes in Europe have led to a reexamination of the extent to which we need to spend scarce resources on defense during a period in which "...peace is breaking out all over." As you consider our budget request, I ask you to recall the time and effort that were required for us to accomplish our present state of preparedness. We must continue to support deployable medical systems as an essential element of preserving the lives of our fighting forces.

In the fifth and final section, I review the most significant items for which we seek your support in this budget request.

OVERVIEW OF NAVY MEDICINE

INTRODUCTION

One thing that has not changed in the past year is our mission to provide prompt and effective medical care to combat forces in time of conflict and to maintain the health status of active duty members in peacetime. Successfully accomplishing this mission contributes directly to the Navy's ability to sustain combat operations.

During peacetime we hone our wartime skills by providing healthcare services to authorized beneficiaries. This brings me to another important variable in our system that has not changed in the past year. The entitlement to healthcare services prescribed in various parts of Chapter 55 of the United States Code defines the same level of benefits provided for military family members as last year. The costs to provide those services, however, have increased significantly. Dependents of active duty personnel and retirees and their dependents are provided healthcare in our direct care system to the extent resources will permit. The remaining demand is met through CHAMPUS or other alternative sources. Although our active duty personnel must receive first priority for medical services, it is by providing care to the remainder of our beneficiary population that we sustain a clinical practice milieu that enables our clinical professionals to gain the greatest experience, thus enhancing the Navy's ability to retain its experienced professionals.

ORGANIZATION

In 1988, in response to a deteriorating Navy healthcare system, the Secretary of the Navy established a Blue Ribbon Panel to examine our system and implement remedies for its problems. The Panel concluded that the medical department's organization was not suitable for effectively responding to the challenges of the 1990's. We reorganized by returning to the Navy bureau concept and in August 1989 reestablished the Bureau of Medicine and Surgery (BUMED). In October, we expanded the Bureau's span of influence by eliminating our regional commands and establishing field support offices. We concomitantly redirected military command and control of our military treatment facilities from medical to the line, creating a direct relationship between our treatment facilities and the line units and families they support.

Our direct care system now consists of hospitals and clinics managed through a partnership between the Bureau of Medicine and Surgery and various Responsible Line Commanders (RLC's). The Bureau of Medicine and Surgery is responsible for the operation of 36 hospitals in the United States and overseas (four of which are comprehensive teaching hospitals and four of which are family practice teaching hospitals), 200 medical clinics, and 172 dental treatment facilities. These are exclusive of facilities on U. S. Navy ships or in organic Marine Corps units.

The Bureau of Medicine and Surgery also oversees medical research, investigating issues which will keep naval forces healthy and able to carry out their mission. This is accomplished through the Naval Medical Research and Development Command in Bethesda, Maryland, which has responsibility for the Naval Medical Research Institute, Naval Health Research Center, Naval Dental Research Institute, the Naval Medical Research Units, the Naval Biodynamics Laboratory, the Naval Submarine Medical Research Laboratory, and the Naval Aerospace Medical Research Laboratory.

Also under the aegis of the Bureau of Medicine and Surgery are the Naval Aerospace Medical Institute, the Navy Ophthalmic Support and Training Activity, the

Naval Medical Data Services Center, the Naval Medical Materiel Support Command, the Navy Environmental Health Center, and the Naval Health Sciences Education and Training Command.

The Navy Aerospace Medical Institute is the locus of all of our aerospace medicine related activities including graduate medical education, research, and clinical consultation to the Fleet and Fleet Marine Force.

The Navy Ophthalmic Support and Training Activity provides prescription eyewear and optical mask inserts for our personnel and trains Hospital Corpsmen in Opticianry.

All of the data processing systems under our control are developed and coordinated by the Naval Medical Data Services Center.

The Naval Medical Materiel Support Command recommends Navy medical materiel policies and evaluates the effectiveness of the wholesale military medical supply distribution system.

The Navy Environmental Health Center is Navy's equivalent of the Public Health Service Centers for Disease Control. It is responsible for tracking infectious disease, for preventive medicine measures, and for environmental and occupational health.

The Naval Health Sciences Education and Training Command (HSETC) operates the Naval Schools of Health Sciences and Hospital Corps school. HSETC trains medical personnel and oversees outservice and inservice education and training programs.

YEAR IN REVIEW

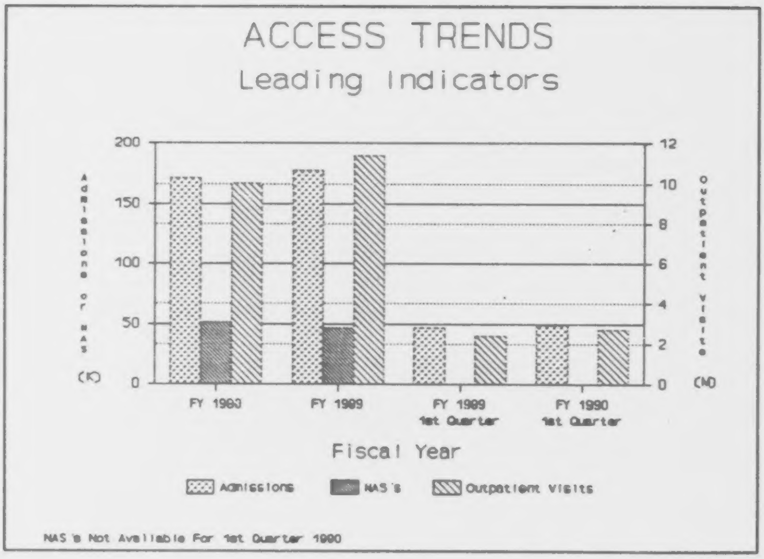
INCREASING ACCESS

Until 1988 when the Services were given responsibility for CHAMPUS expenses, we had a segmented healthcare system, making it impossible to manage the system to the benefit of the beneficiary and the taxpayer.

Spiraling healthcare costs, budget constraints, and retention and recruiting deficiencies created a very weak direct care system. After several years of being encouraged, and then forced, to use a separate and distinct CHAMPUS system for care, the return of CHAMPUS funding to the Services has enabled us to begin to meld the direct care system and CHAMPUS. We are developing an integrated delivery system which welcomes patients back into Navy hospitals strengthened by partnership agreements, healthcare contracts, and increased numbers of Navy providers and support staff. With the support of Congress and through the efforts of Navy line leadership, Navy Medicine is becoming stronger and access to quality healthcare is increasing.

To make the most of our staff and facilities and to provide access to the widest range of care, we have embarked on a new planning strategy which is built on local assessments of our beneficiaries' healthcare needs, the staffing and capabilities of our treatment facilities, and healthcare resources available in the communities in which those facilities are located. In other words, we are considering the entire community of healthcare services when determining healthcare service level needs and evaluating alternative means of meeting those needs. Using this approach, the treatment facility commanding officer and BUMED staff develop a healthcare delivery plan which provides a cost-effective delivery system consistent with Navy staffing, operational support, and training requirements.

Our outreach to the private sector for healthcare resources expanded during fiscal year 1989 in the form of health services contracting and partnership agreements. These contracts and agreements have increased access to quality care while controlling CHAMPUS costs. When compared to fiscal year 1988, we have increased the number of admissions by 3 percent. Outpatient visits, including NAVCARE visits, increased nearly 7 percent. During this same period, we observed nearly a 7 percent reduction in nonavailability statements.



In addition to the contributions of our ten NAVCARE clinics, which were begun in 1987 and which were responsible for 668,591 primary care outpatient visits in fiscal year 1989, 22 emergency medicine/acute care contracts were started in 1989. These contracts have enabled our beneficiaries to obtain emergency and acute care services within the direct care system. The outpatient visits generated under these contracts likewise have contributed to the three percent increase in admissions at Navy hospitals. Other healthcare services being offered through contracts include obstetrics, gynecology, general surgery, orthopedics, radiology, internal medicine, and and various healthcare support services.

Without adequate nursing staff for the units and the operating rooms in previous years, many Navy physicians were unable to admit their patients and had to refer them to CHAMPUS. The nursing services contracts have enabled Navy hospitals to increase their workload. In the same vein, contracts for support services in radiology, pharmacy, and laboratory have strengthened the capabilities of the direct care system, protecting the quality of care offered by our physicians and nurses.

Catchment area management, partnership agreements, and Veterans Affairs sharing agreements are other approaches being used to increase access to Navy medical treatment facilities. Navy medicine's Family Practice demonstration projects at Naval Hospitals Rota, Spain, and Newport, Rhode Island, will allow case management of all beneficiaries assigned. In this program, all families are assigned a family physician who emphasizes continuity of care, and for whom we provide the needed support. These are real success stories. At Naval Hospital Rota, 90 percent of the population is enrolled. Naval Hospital Newport has more than 60 percent of its population enrolled and that number will increase this year as more Family Practice physicians arrive. Also in Newport, each ship and school has been assigned a primary care physician. This approach draws from the historically successful relationships we have seen between our flight surgeons and their squadrons. Patient satisfaction is increasing--go to the exchange or commissary at Newport and ask a sailor or his/her dependent the name and phone number of their family physician; they can tell you. This is not a completed program for improving access to care and better health for our people, but it is a very successful beginning. We are hopeful that we will be able to establish a third Family Practice hospital at Lemoore, California, in 1990; and the model will be installed at additional hospitals just as fast as we have the staff available for assignment. To nurture this program, we are reestablishing our Family Practice residency training program at Naval Hospital Bremerton, Washington this year. In addition to improving beneficiary access and care, the Family Practice projects will make better use of our Family Practice physicians, increasing their professional satisfaction and, hopefully, their retention. I am convinced that the Family Practice Hospital is the correct model for most of our Navy hospitals. It is a natural fit with the life and work styles of our Navy and Marine Corps families and is the most effective way to meet their needs as they move to a retired life. As additional Family Practice physicians become available we will, of course, assign them in accordance with our staffing priorities: first overseas; second, isolated United States facilities; third, residency training hospitals; and then, all remaining hospitals. All of these efforts have two goals: increased access to quality care for our beneficiaries and containing our escalating CHAMPUS costs. We are meeting these challenges.

More control is being exercised over CHAMPUS costs through projects which authorize the use of CHAMPUS funds by the military treatment facility for healthcare services recaptured from CHAMPUS. Eleven Navy military treatment facilities have requested approval to implement projects designed to provide care to CHAMPUS patients at the military treatment facility that would otherwise have been obtained under CHAMPUS. These projects are primarily designed to put a cap on our costs for mental healthcare services, while continuing to offer the comprehensive services our people need.

Our system is back on course, gaining momentum, and performing well. The critical management indicators all point in the right direction; workload is up, CHAMPUS nonavailability statements are down and our customers are generally more satisfied with the level of services available today than they were even a year ago. Based on feedback from Navy and Marine Corps personnel in California, it appears that the CHAMPUS Reform Initiative (CRI) has resulted in an increase in their access to care. We also have seen a significant increase in resources sharing and partnership arrangements under CRI. From the patient's point of view, I believe CRI has largely achieved its healthcare access objectives.

I must also tell you that we could be doing even better! The relationship between the number of providers working in our treatment facilities and our costs for CHAMPUS in the obstetrics and gynecology specialty is representative of many of the challenges we face in balancing our fiduciary role as prudent healthcare purchaser and quality healthcare provider.

There is a direct relationship between the number of uniformed providers, births in our facilities and the number of nonavailability statements issued by our facilities. We are implementing specialty plans at our treatment facilities which are designed to make these relationships work as much as possible to the advantage of our customers and ourselves. Using this specialty as an example we are vigorously expanding our family practice model to enroll more of our patients with organized family practice programs.

We are also increasing the number of nurse midwives to help bring this workload back in-house. Further, we must do all we can to recruit and retain our obstetrician/gynecologists. These physicians are especially valuable since they have readily transferrable surgical skills which can be applied to combat casualty care. The Assistant Secretary of Defense (Health Affairs) has decided to eliminate a redundant training requirement which was heretofore required of OB/GYNs in order to fully qualify for Incentive Special Pay (ISP). That decision is now in the process of being implemented.

QUALITY IMPROVEMENT IN THE NAVY MEDICAL DEPARTMENT

From November 1987 through June 1989, the Civilian External Peer Review Program (CEPRP) reviewed 41,352 of 1,204,082 cumulative discharges from Department of Defense (DoD) Military Treatment Facilities (MTFs). Of these cases, 98.4 percent met the standard of care. Of the 662 cases (1.6 percent) determined not to meet the stated standard of care, the Navy rate was less than the mean for the Department of Defense.

Navy Medicine is also meeting the challenge of the Defense and Navy Departments' efforts to ensure the highest order of management effectiveness. Our goal is to develop systematic defined procedures which will facilitate improving the quality, and therefore the productivity and efficiency of our operations. The Navy Medical Department is quickly becoming a leader in this area. As early as the summer of 1989, we took our first step in fostering quality improvement by setting our direction and purpose in the Navy Medical Department Guiding Principles. These principles serve as a common set of values to strive towards the continuous improvement of healthcare delivery and management. (A copy of our Guiding Principles is attached at the end of this statement.)

I have appointed a Quality Management Board at the Bureau of Medicine and Surgery to provide overall guidance and policy coordination in the Naval Medical Department. This step was followed by my Commanders' Conference in September of 1989 which focused on improving our healthcare system through qualitative efficiency.

We are also developing a strategy to quickly and thoroughly implement standardized methodologies for achieving excellence in Navy Medicine. By adopting these strategies at all levels of our organization, we can fully exploit our capital resources, realize a more efficient, productive operation, and thereby meet the needs of more of our patients and increase the overall satisfaction of all of our customers.

HEALTH PROMOTION

Another way to increase access to those who really need it is to reduce the demand for services now placed on the system. The Navy is investing in health promotion programs designed to keep people healthy, and therefore out of the acute care system. Our goal is to prevent our beneficiaries from becoming patients by encouraging them to assume more responsibility for their own health through simple, fundamental lifestyle changes. This includes putting emphasis on periodic medical checkups, physical fitness, proper nutrition, cessation of tobacco use, reduced alcohol intake, stress and hypertension management, elimination of drug abuse, HIV (AIDS) education, and use of seat belts. There are three compelling reasons we must invest in these programs: they save lives; improve quality of life; and save dollars. One ounce of prevention IS worth a pound of cure.

MANPOWER AND PERSONNEL

INTRODUCTION

We are beginning to see the results of our initiatives to improve recruiting and retention of medical department officers. Medical Corps strength is better now than at any time since the post-Vietnam drawdown. In fiscal year 1989, 120 Medical Corps officers were recruited into the Navy. As of January, 45 Medical Corps officers had been recruited for this fiscal year. Nurse Corps recruiting is equally encouraging with 153 new accessions, 77 of which are Nurse Corps Bachelor Degree Program participants scheduled for appointment this fiscal year.

NURSE CORPS

The national nursing shortage continues to challenge our nurse recruitment and retention programs. While enrollment in nursing programs rose 5.8 percent in 1989, the demand for nurses continues to increase. The Bureau of Health Professionals -- U.S. Department of Health and Human Services -- is forecasting a 30 percent shortfall of nurses in just ten years. In seeking solutions to this problem, a tri-service military nursing compensation task force, working concurrently with a Department of Health and Human Services (HHS) study group, identified many of the same issues that were published in the "Secretary's Commission on Nursing" final report (December 1988). Needed improvements in the work environment, education criteria, staffing patterns, compensation, and others were addressed by both groups.

The recruitment initiatives recently approved, such as the $5000 accession bonus, will help make us more competitive in the nursing personnel market place. The nurse scholarship programs are highly effective. There is active interest in the Bachelor Degree Completion Scholarship Program (BDCP) which, as a short term recruitment initiative, was expanded in April of 1989 to include nurses. The initial authorized number of ten was quickly reached and exceeded. The Nurse Corps Bachelor Degree Candidate Program is now authorized to have 250 students and we processed 231 applicants through January.

While it is still a bit too early to draw meaningful conclusions about their full effect, we are optimistic about nurse participation in the Nurse Corps Candidate Program (NCCP) and the Naval Reserve Officer Training Corps (NROTC) Scholarship Program, although the Congressional limitation on NCCP sites is a problem. Enlisted personnel of all rates can now apply for the Medical Enlisted Commissioning Program (MECP) and this year we again had a very competitive selection process. No single recruiting tool can satisfy all needs; each of these successful programs attracts nursing professionals from different sources. Individually, they address relatively small market segments; collectively, they constitute a powerful package of Navy nurse recruiting incentives. All of these programs need to be continued for they are the lifeline for future accessions. We expect to maximize participation in all of our scholarship programs to replace expected nurse personnel losses.

Retention remains our number one priority and needs continued improvement. The Director, Navy Nurse Corps recently compiled a list of over 50 retention initiatives that are in place throughout our healthcare system. The list is in the hands of hospital Commanding Officers and Directors of Nursing Services for their use in counselling

Nurse Corps officers. These initiatives are focused on professional practice, communication, work environment, personal satisfaction, career development, continuing education, individual recognition, compensation, promotion, flexible scheduling, subspecialty groups concerns, and many other areas. The Nurse Corps retention and recruitment task force continues to examine and develop new initiatives to resolve the issues addressed within the Nurse Corps community.

We are continuing to have difficulty recruiting and retaining certain nurse specialists. The recently published University of Texas nursing salary survey causes additional concerns about nurse anesthetists in particular. To avoid further erosion of our ability to provide surgical services in the direct care system and be more cost effective, we must improve the retention rates of these nursing specialists. The early evidence suggests that the Incentive Special Pay (ISP) of up to $6000 per year for Certified Registered Nurse Anesthetists (CRNA) is working. In addition to increased salaries for nursing specialists, the Texas survey shows nationwide salaries for civilian staff nurses increased 5-10 percent in 1989. Base salaries rose to a range of $26,000 to $37,000. We will be watching the effect of this growing compensation issue.

The use of non-baccalaureate nursing degree nurses in the Navy currently includes accessing associate degree (AD) registered nurses who have a health-related bachelors degree, and diploma registered nurses as commissioned officers in the active or reserve Nurse Corps. To provide an additional opportunity for AD registered nurses to have a military career, the Secretary of the Navy has established a Warrant Officer (WO) technical nurse community. Plans include initially assigning these registered nurses to our four major teaching hospitals, offering a career path to Warrant Officer-4 within the specialty, having a community size of 200, and opportunity to compete for education leading to a BSN and a commission in the Nurse Corps. The warrant officer nurse will provide direct patient care on the general medical and surgical units and thereby provide us greater overall nursing capability.

To further increase the numbers of direct care providers on our units, the new advanced care technician hospital corpsman specialty, now in the final stages of development, will be implemented in fiscal year 1991.

Utilization of more senior-rated and experienced corpsmen on nursing services has been expanded through implementation of the Senior Ward Corpsman Initiative. Hospital commanders have responded favorably to recommendations to assign senior Petty Officers to this managerial and corpsman mentoring role which allows Nurse Corps officers to spend more time on patient-related tasks.

We continue to work with the Chief of Naval Personnel to alleviate the promotion disparity for nurses in legally controlled grades (O-4 through O-6). We must resolve these constraints which result in promotion inequities for the Nurse Corps if we are to maintain an adequately balanced grade structure and retain experienced career-oriented nurses.

We must balance our recruiting and retention initiatives to provide adequate professional practice compensation for our new as well as our proven and experienced officers. These, and other retention and recruitment incentives, will continue to be evaluated and monitored as methods to attract and retain the nursing personnel that we must have to meet our commitments.

MEDICAL CORPS

Medical Officer Retention Bonus

The first year of experience with the Medical Officer Retention Bonus (MORB) provided us with initial indications of effectiveness and limitations. The Center for Naval Analyses in their initial study of the impact of the fiscal year 1989 MORB has found preliminary indications that the MORB already is having some positive effects on short-term retention in the medical specialties. It is difficult to interpret the one year retention rates for fiscal year 1989 in the context of the MORB because the MORB involves at least a two-year contract.

Preliminary results from fiscal year 1989 show increased retention among MORB-eligible specialists and decreased retention for the non-MORB-eligible group compared to fiscal year 1988. For the short term there has been increased retention in the aggregate and that improvement has occurred among the MORB-eligible physicians. The increase in retention is somewhat greater than expected.

Several factors appear to have limited the effectiveness of the MORB in improving long-term retention. First, because many unobligated physicians did not meet the eight-year length-of-service eligibility requirement, the maximum effect the MORB could have on the aggregate retention rate was limited. This is due to the fact that historically specialists who leave active duty do so immediately after completing their obligated service for specialty training. The major potential impact point occurs before MORB eligibility.

Second, at current authorized levels the MORB makes only a moderate reduction in the expected gap between civilian pay and military pay for the high-paid specialties. Third, for physicians not willing to lock themselves into a four-year contract at the present time, the financial incentives for two- and three-year contracts are relatively less effective than the incentive for the four-year contract. However, this is most apparent in the lower-paid specialties where retention is already high, and a high take-rate was not anticipated.

Overall Navy MORB-eligible physicians participated in the MORB at a rate of 60 percent, somewhat higher than expected. Among surgeons, who historically have been hard to retain, the take rate was nearly a 60 percent rate. Conversely, only one-third of eligible orthopedists participated. Family Physicians, who have a high continuation rate, had a take rate of 75 percent rate.

The MORB changes in the fiscal year 1990 National Defense Authorization Act corrected the eight-year eligibility limitation discussed above. Many more specialists are eligible for the MORB this year. Most important, any specialist who is facing a stay-leave decision point will, by definition, be eligible for the MORB. This should further increase the effectiveness of the MORB. The FY-90 National Defense Authorization Act also clarified, to a significant degree, the long-term picture for physician compensation.

Physician Recruiting and Retention

Improved retention should result from other personnel initiatives being implemented. The number of Armed Forces Health Professions Scholarships continues to increase, reaching 1300 this year, including the financial assistance program. Increased graduate medical education opportunities are also allowing us to retain physicians.

Recruiting initiatives have also contributed to our growing physician inventory. We have placed additional recruiters in the field and dedicated resources to recruiting medical personnel. Also, once a physician prospect is identified, we have implemented a "one-stop-shopping" program in which the candidate comes to Bethesda for a physical and interviews. At the end of the second day the candidate is offered an appointment, or told why an appointment cannot be offered. One important net result of all of the recruiting initiatives is that the average time for processing a new candidate has been reduced from 120 days to 60 days.

Most significantly, I am happy to report that we will likely achieve our goal of 4505 physicians in fiscal year 1993.

DENTAL CORPS

Our continued ability to recruit and retain qualified general and specialty trained dentists is a growing concern. Problems once viewed as "just over the horizon" are now at our doorsteps. The supply of graduating dentists is shrinking, the economy is improving and there is an increased demand for dental services in our society. The percentage of graduating seniors considering government service has dropped 50 percent, to 10.6 percent, over the last decade. Competition with the civilian marketplace for dentists is intensifying. First year dental school enrollments are at their lowest in 20 years and are projected to continue to decline through 1997. Diminished class size, closure of five dental schools, and mounting education debts for all healthcare professionals, which are difficult to liquidate on entry level military pay, jeopardize our ability to attract qualified dentists and maintain endstrength. In 1989, thirty-two percent of graduating seniors had debts greater than $50,000. As the pay disparity between military and civilian dentists widens, particularly in the specialty communities, arguments supporting recruitment/retention in the military of our highly trained dentists in the military are greatly diminished.

MEDICAL SERVICE CORPS

The Medical Service Corps continues to remain the most stable community in the Navy medical department despite the broad diversity of administrative, clinical, and research backgrounds. Retention rates for the last five years have consistently exceeded ninety percent. Except for selected specialties, recruitment remains good.

Our clinical specialties are the most sensitive to fluctuations within the civilian healthcare environment. For the first time mounting educational debts are beginning to effect our clinicians. We have taken several actions to redress our Medical Service Corps recruitment and retention problems. Our clinical psychology internship program has been doubled to enhance the primary accession base; and entry age waivers have been authorized to expand the available pool of eligible applicants for clinical psychology, pharmacy, optometry, and occupational therapy. We have, for the first time, authorized entry grade credit work experience for pharmacists. We are creating separate departments of mental health with clinical psychologists as department heads and separate departments for optometry.

During fiscal year 1989 we saw a major realignment of our Physician Assistant (PA) community as 88 Physician Assistant Warrant Officers were sworn in as Medical Service Corps (MSC) officers. In addition to our fiscal year 1990 Physician's Assistant direct accession goal, we will again offer the MSC conversion opportunity to qualified PA warrant officers. Fiscal year 1989 also marked the reactivation of our Physician Assistant inservice training program. Twenty-five Naval Medical Department enlisted personnel were selected for the 2-year training. This training pipeline is vital if we are to meet our Physician Assistant specialty requirements in the future.

ENLISTED PERSONNEL

In the Medical Department enlisted communities, fiscal year 1989 saw the beginning of positive results of actions begun in fiscal years 1987 and 1988.

In fiscal year 1987 and 1988, Graduate Medical Education (GME) suffered because of unsatisfactory manning in supporting technician specialties. Enlisted "A" schools required modification because the graduates were not prepared for the challenges in their respective scientific fields. The qualification scores for entry into "A" school were discovered to be too low and allowed entry of recruits who were not qualified to attend advanced technical schools. Hospital Corps "C" School seats were not being filled nor were sufficient quotas available to appreciably increase manning in many of 36 Hospital Corps specialties. Although manning overall was at or above 100 percent, the proper mix of general and specialized Hospital Corpsmen was inadequate and retention was below the Navy average in GME supporting specialties.

Today, the health and welfare of our enlisted community has improved. We raised the Armed Services Vocational Aptitude Battery (ASVAB) score for entry into Hospital Corps "A" School and lengthened the school by four weeks to accommodate a combination of cognitive and task-based training rather than solely task based training. This action enables us to produce a more capable hospital corpsman who is prepared to accept the day to day challenge of a demanding scientific field. We are filling almost all of our annual training quotas.

In past years, we had an imbalance between manning the general and technically trained Hospital Corpsmen. We continue to have no difficulty filling our entry level schools and we are achieving a better balance between the general and technical Hospital Corpsman as a result of carefully targeted use of Selective Reenlistment Bonuses (SRB) and Navy-wide quality of life initiatives. We are also seeing a much-needed increase in Hospital Corpsman retention

The Dental Technician community continues to achieve a balanced manning posture at approximately 97 percent. We hope to increase the number of dental technician billets to improve chairside technician support for our dentists. We expect continued improvement to achieve a better posture in the enlisted communities of Navy Medicine by the end of fiscal year 1990. Without the support of these professionals our system would not be able to respond to the demands placed on it.

RESERVE PERSONNEL

The Selected Reserves are an integral part of the Navy's healthcare delivery team. They provided over 600 man-years of support to the active Medical and Dental

Treatment Facilities around the world this past fiscal year. Much of this support was provided in critical specialties during times of acute need. In recognition of the importance of the Reserve Force and their continuing contribution to the mission of Navy Medicine, and to ensure they are fully integrated into the day-to-day operations of our system, I have created a senior staff office at BUMED to address all areas of reserve support (operational readiness, peacetime training and mutual support) and to ensure that these areas receive attention at the headquarters level. The Bureau of Medicine and Surgery will provide to the Reserve Force technical assistance and guidance and interact with them as it does with the military treatment facilities under line Navy control.

I am especially grateful to the Congress for making legislative changes needed to convert two reserve Medical Corps flag authorizations to one Medical Service Corps and one Nurse Corps flag officer position. The persons selected for these two new positions should be announced shortly.

The Reserve enlisted community continues to grow to meet its expanding role. The Hospital Corps is now manned at 93 percent; this is up from 86 percent last fiscal year. The Dental Technician community is manned at capacity. The innovative Reserve Allied Medical Program (RAMP) continues to "grow"our technician specialties and allows us to get well in critical manpower areas. Two sustainment training avenues have been developed, proficiency courses and tri-service shared training opportunities. With these programs and the interactive video training systems already in place, I am confident that our Reserve Hospital Corpsmen and Dental Technicians will be ready to meet their wartime mobilization missions while making significant contributions to our peacetime healthcare delivery system.

Over the past year the Reserve Force has improved its manning levels and training readiness. While shortfalls of physicians and nurses exist against wartime requirements, in the selected reserve the Medical Corps is now manned at 100 percent and the Nurse Corps is now manned at 85 percent. I will continue to rely on the expertise and energy in the Reserve Force to provide clinical mutual support; a program that pays a peacetime healthcare dividend while increasing mobilization readiness.

CIVILIAN PERSONNEL

Our civilian personnel represent nearly twenty-seven percent of our total workforce. These clinical and support services personnel are an indispensable part of the Navy healthcare team, providing the long-term continuity as our military personnel rotate to new career assignments.

The total number of civilian personnel we have onboard, 12,514, is the highest in years. However, as with our military healthcare professionals, we have had problems in recruiting and retaining clinical and clerical personnel in high-cost metropolitan areas. Even considering this, however, we have been fairly successful in hiring the civilian personnel needed to support our treatment facilities. The additional resources Congress provided in fiscal year 1989 to buy back much needed support and clerical staff has been a big help. These personnel have relieved our physicians and nurses from a large part of the routine administrative tasks thereby increasing their productivity. We have hired civilian nurses where we could successfully compete in local markets. These nurses comprise about one-fourth of the total nursing staff and are a vital part of our healthcare team. In fiscal year 1990, with the help of Congress, we are planning to hire more professional nursing staff, technicians, and administrative support personnel to maximize in-house workload. Job fairs, co-op programs and special pay initiatives have helped recruit the traditionally more difficult-to-hire personnel such as nurses and pharmacists. We will continue to use these initiatives to the maximum extent possible.

We need to closely examine our competitive position in certain markets. In some regions, such as Washington, DC, federal salaries for highly trained and experienced healthcare personnel simply are no longer competitive with local wage levels.

PERSONNEL SUMMARY

The tables below illustrate our current manpower status. Significant progress has been made in every area. We expect to see even greater progress this year dealing with the tenacious problems associated with recruiting and retaining nurses. I hope that as a result of this progress, and in the near future, we can begin relying more on our own uniformed and direct hire civilian personnel in lieu of many of our present contract arrangements.

ONBOARD PERSONNEL

	FY 88	*FY 89*	*FY 90**
MEDICAL CORPS	*3929*	*4060*	*4008*
NURSE CORPS	*3068*	*3000*	*2927*
DENTAL CORPS	*1679*	*1696*	*1670*
MED SERVICE CORPS	*2534*	*2685*	*2735***

**End of Mar 90*

***Includes 97 Physician Assistants*

RECRUITING SUMMARY

	FY 88		*FY 89*		*FY90*	
	GOAL	*ATTAINED*	*GOAL*	*ATTAINED*	*GOAL*	*ATTAINED**
MEDICAL CORPS	*150*	*84*	*241*	*120*	*182*	*94*
DENTAL CORPS	*81*	*61*	*90*	*69*	*78*	*63*
MEDICAL SVC CORPS	*141*	*206*	*273*	*215*	*256*	*196*
NURSE CORPS	*376*	*235*	*425*	*300*	*580*	*258*

**End of Jan 90*

I am concerned about the language in the Department of Defense Authorization Act for Fiscal Year 1990 which directs us to increase the obligated service requirement for students of the Uniformed Services University of Health Sciences from seven to ten years. I believe this directive will severely limit our recruiting potential for this vitally important program. The risks of waiting until we see the effect of the change are much too great to take a wait and see approach. We cannot afford to be effectively locked out of certain recruiting markets while we test the effect of this change.

The bottom line for Navy medicine is our people; our providers and our patients. The following excerpt from a letter, written by a former patient, Annette Donner, to the *ROTA Coastline*, a Naval Station newspaper eloquently captures my own feelings about the dedicated professionals working in our system today:

> Unless you get sick, you'll never see them in action, but (you) should know they're there daily, doing like clockwork what they're trained to do, in true team effort, each cog meshing as the wheel turns out the essential daily healthcare procedures for their individual patients and their specialized needs. Daily routines, sometimes boring, sometimes less than pleasant, but always done with smiles, enthusiasm and words of encouragement for the patients. Not to mention the always present professionalism, dedication and sense of confidence they have in their own skills.

MEDICAL READINESS

The rapidly evolving and dramatic worldwide events of the last few months are forcing all military readiness planners (including medical) to sharply refocus their view on how to best counter "the threat." The threat as we have known it during the last decade has been, and is currently being, significantly redefined.

Although reforms under the present Soviet hierarchy and the resulting move toward democratization in Eastern Europe would seem on the surface to reduce the threat posed by the Warsaw Pact, I believe we must still resist the temptation to slash outlays in the medical readiness area. More than ever, I concur with the assertion of others that we should let strategy drive the budget rather than the other way around.

The Navy's inventory to medically support the Fleet and Fleet Marine Force in whatever contingency scenario they may find themselves--be it humanitarian assistance, low intensity conflict or drug interdiction--contains several sophisticated pieces of hardware. We now have two full-service, state-of-the-art hospital ships. Each ship has 12 operating rooms and 1000 beds supported by the highest quality of ancillary support, such as laboratories, x-rays, and CAT scan equipment, found at shore-based Navy medical treatment facilities. During peacetime, the USNS COMFORT, homeported in Baltimore, Maryland, and the USNS MERCY, homeported in Oakland,California, are maintained in a reduced operating status. Each ship has the capability to sail within five days of receipt of its sailing orders with its fully augmented operating crew of approximately 1200 active duty medical personnel.

We also now own 17 fleet hospitals with an aggregate bed capability of 7,750 beds. Last December our eighth Fleet Hospital was prepositioned overseas, thereby closing-in on our previously stated objective that Navy Deployable Medical Systems be prepositioned at or near their intended place of use. Overseas prepositioning sites include Norway, Japan, and Guam as well as a 500 bed combat zone Fleet Hospital which is stored afloat in the Indian Ocean. These Fleet Hospital assets along with hospital ships and other theater assets represent about half of the Department's wartime theater bed requirement. I am firmly committed to maintaining the existing Fleet Hospital inventory at a "ready for combat" state. Accordingly, I am pressing for your continued support of the Fleet Hospital Program.

RESEARCH AND DEVELOPMENT

I have mentioned in previous hearings that we were excited about our progress toward developing pourable wound dressings and longer shelf life for frozen blood. The wound dressing is a reality! The corpsman on the battlefield now has an effective life sustaining treatment that will increase the probability that casualties will reach definitive care units alive and with minimal permanent injury. We are now developing antibiotic beads which will be put directly into the injury and work in concert with the pourable wound dressings.

The Food and Drug Administration recently approved our program to freeze blood for 20 years. This is a watershed event for the future of combat or disaster casualty care. It is, however, only the beginning. Before the blood can be used it must be washed. One liter of blood must be washed with three liters of water before it can be transfused. The logistics of moving, storing, and redistributing such large volumes of sterile water are prohibitive. Therefore, we are developing a system to render potable water, wherever found, suitable for washing the frozen blood. We expect the system to be operational in fiscal year 1992.

The next step we hope to take is using freeze dried blood. We would still need the water to reconstitute the blood, but a major part of the storage and distribution problem would be reduced. The budget you are reviewing contains funding requests for these and other equally exciting and important medical research and development efforts. I also solicit your support for the Army's infectious disease research program as the lead agent for the Department of Defense human immunodeficiency virus (HIV) research project.

BUDGET OVERVIEW

I deeply appreciate Congressional efforts to provide us the adequate resource base to do our mission. The Fiscal Year 1990 Department of Defense Appropriations Act, section 9052, allows the Services to "...transfer prior year unobligated balances and funds appropriated in this Act to the operation and maintenance appropriations for the purpose of providing military technician pay and Department of Defense medical personnel and programs (including CHAMPUS)..." Additionally, it provides that the collections shall be offset within the appropriations to which transferred; a provision which effectively nullifies the increase in funding authority you apparently intended to provide to solve funding problems.

The budget you are now reviewing requests resources which are vital to continuing our efforts to improve the Navy healthcare system. As you know, we are requesting a reprogramming action in this fiscal year as a result of unexpected increases in the cost of CHAMPUS. The operation and maintenance medical program funding request contained in the President's budget review was relatively level from fiscal year 1990 to fiscal year 1991 at approximately $2.0 billion (constant dollars). Our fiscal year 1991 budget request was built on early fiscal year 1989 CHAMPUS experience.

The additional in-house support provided by Congress in fiscal year 1990 ($50.0 million) is retained in fiscal year 1991, however, an equal offset CHAMPUS savings was included. We plan to continue to invest in our contracting initiatives so we can increase access for our patients and avoid the costs of CHAMPUS. In addition to the fiscal year 1990 personnel increases we will be hiring 197 additional medical personnel to continue to improve the efficiency of our healthcare providers.

I also need your support for our Navy medical military construction projects sponsored by the Defense Medical Facilities Office. Our request includes $40M for Phase II of our replacement hospital at Portsmouth, Virginia, and $10M to build storage facilities in the United Kingdom and Cheathem Annex, Virginia for fleet hospitals 2, 8, and 9. Another Department of Defense funding item for which I would ask your support is the Composite Healthcare System being developed by the Assistant Secretary of Defense (Health Affairs). The system is essential for increased state-of-the-art efficiency and effectiveness in quality healthcare delivery and for establishing reliable data bases for strategic management of our global medical system.

CONCLUSION

We are committed to creating a management environment that enables us to link top-down guidance with bottom-up innovations resulting in informed make-buy decisions and a more responsive healthcare system.

I am installing a managed care philosophy that encourages full integration and participation of every available healthcare provider be they active duty, civilian government employees, contract personnel, personnel working in our facilities under partnerships arrangements or our own people working in civilian facilities, Veterans Administration sharing agreements, community provider networks and any combination of these valuable resources.

For our budget planning this year, the President made military healthcare one of his principle planning objectives. We are committed to a military healthcare system which will sustain and improve defense medical services and readiness in peacetime and across the full spectrum of conflict.

Using sound management decision making processes to implement proven managed care principles, we will build a Navy Medical Department for now and the future to ensure that we remain, "Standing by. Ready to assist!"

Senator GLENN. Thank you.

General Miller when the five lights go, Senator Lott and I will have to go vote, so you are under a little time constraint.

STATEMENT OF LT. GEN. MONTE B. MILLER, USAF, SURGEON GENERAL, U.S. AIR FORCE

General MILLER. Understood, sir.

Senator GLENN. Or we will leave while you are still talking, one or the other. [Laughter.]

General MILLER. Fair enough, sir. I will be very brief.

I am pleased to be here today to represent Air Force medicine and to thank the committee for its support. We have a single focus in Air Force medicine today and that is providing the best possible health care in peace and war.

I would point out that the delivery of peacetime health care services enables us to practice the very skills that we would require in future conflict, and our response during Operation Just Cause we feel proved the validity of this fundamental concept of military medicine.

Parenthetically, sir, I would tell you that Air Force medical wartime Reserve components have increased 60 percent in personnel over the past decade.

Air Force medicine serves about 3.5 million people at our 121 facilities that are scattered throughout the world, and we derive our strength from our close relationship with operational Air Force commanders. Our hospitals and clinics must continue to be responsive to the special needs of the local base and wing.

Local commanders are best able, we believe, to assess the needs and seize the opportunities for providing optimal health care support.

In the future, we see our most difficult challenge to be able to meet the health care needs of Active duty members, their families, and our retired military community with affordable and quality care. But state of the art medical care is expensive, as has been alluded.

New surgical techniques, diagnostic tests, new pharmaceuticals drive up the costs. At the same time, our aging population is an expensive medical concern. We believe we have a special responsibility to meet their needs.

At the same time, we are well aware of the fiduciary responsibility to the American taxpayer to ensure that full value is received, whether we provide it or it is purchased. And we believe that the most efficient way to provide cost effective, high quality care is to do so in our Air Force medical facilities where we can, in what we call the direct care system.

As a result, we are continually striving to increase patient access to direct care in our hospitals and clinics. But when required medical services are not available in our treatment facilities, we believe that local management teams should continue to make every effort to arrange for the care, the coordinated care that the Assistant Secretary spoke to, to arrange for the needed services.

Among our most cost effective alternate care approaches have been the Health Care Finder Program, Partnership Program, and a host of Air Force-VA sharing arrangements.

We are gaining momentum with congressional authority to use CHAMPUS funds to enhance the direct care system when it is cost effective to do so. The enrollment is still under way and we have begun seeing patients in the two catchment area sites in Texas and Arizona. We believe the key to success in all these activities is providing local management the resources and the flexibility necessary to expand their delivery options, and at the same time we hold those commanders accountable for ensuring that high quality care is delivered in a cost effective manner.

We are absolutely convinced that locally managed care is the wave of the future.

While we now have greater flexibility in delivering these health care services, it takes time to fully implement these new programs, and that is a bit frustrating on occasions. While the local manager has ultimate responsibility for managing these programs, review, oversight, and policy guidance from headquarters and DOD are necessary to ensure sound planning and sound investment.

Despite the rise in health care costs, tight budgets, and growing populations, the Air Force medical service will be forever vigilant in ensuring that the quality of health services never declines. I am very pleased to report that the quality of Air Force health care is unsurpassed today in our 40-year history.

Why is the quality so high? The answer is our people. We may suffer sufficient lack of quantity in some specialties, but the quality is absolutely superb, and we are taking aggressive steps to keep our best people in uniform.

Again, I applaud congressional efforts to revise medical special pays and establish special pay for nurses. Although it is too soon to measure the impact completely, adequate financial compensation and administrative support are both vital to improving retention of our highly qualified professionals.

The challenges of the nineties will bring greater emphasis on cost control as we support a smaller Active duty force and a growing retired population. Our medical response can never be less than first rate. I assure you that as we face the future, our medical service focus will remain the same: mission support second to none.

Mr. Chairman, thank you again for the opportunity to appear.

[The prepared statement of General Miller follows:]

SUBJECT: MEDICAL FORCES REVIEW

STATEMENT OF: LIEUTENANT GENERAL MONTE B. MILLER
SURGEON GENERAL
UNITED STATES AIR FORCE

Mr. Chairman and members of the committee, it is my pleasure to be here today to report on the state of the Air Force Medical Service. I am extremely proud to represent a dedicated health care team of approximately 55,000 physicians, dentists, nurses, allied health scientists, administrators and support personnel around the globe. These outstanding professionals work in a variety of settings ranging from isolated duty stations to small base hospitals and clinics to our largest, tertiary care facility, Wilford Hall USAF Medical Center.

Today's Air Force Medical Service has a single focus - providing the best health care possible in peace and in war. The delivery of peacetime health services enables us to practice the very skills which we will require in any future conflict. Our response during Operation JUST CAUSE again proved the validity of this fundamental concept of military medicine. It was because we conduct realistic medical readiness training, operate an effective aeromedical evacuation system, and provide a full range of peacetime medical and surgical care, that we were able to quickly meet the medical needs of combat soldiers, sailors and airmen returning from Panama.

We serve approximately 3.4 million people at our 121 base level hospitals and clinics throughout the world. During FY89, there were some 240,000 admissions and 34,000 live births at our hospitals, more than 16 million outpatient visits were recorded and we filled 34.5 million prescriptions in our pharmacies. Some have argued that we could reduce this workload and cut costs by charging patients for care. Wisely, Congress spared the military family from a "user fee" for the near term. Utilization through a "nuisance fee" is neither the right prescription nor sound economics.

The Air Force Medical Service derives its strength from our close relationship with operational Air Force commanders. Our hospital and clinic commanders must be responsive to the special demands of their local wing and base missions. Indeed, it was this direct mission support relationship which provided the justification for a separate Air Force Medical Service in 1949. Today, just as 41 years ago, local medical commanders are best able to assess the needs and seize the opportunities for providing optimal health care support to their host operational units.

Peacetime health care delivery is also a local matter. It is best managed where there is an understanding of local needs, experience with local demands, and where professional contacts have been nurtured. Basic policy guidance and oversight should come from higher headquarters, but responsibility and accountability for health care delivery must be retained at the working level.

Our community based medical system also contributes to the health, welfare and morale of Air Force members and their families. Indeed, the peacetime medical benefit will continue to be a critical recruiting and retention factor for our highly skilled professional Air Force members.

In the future, our most difficult challenge will be to meet the health care needs of active duty members, their families and our retired military community with quality, affordable care. But containing costs while enhancing access to quality care is not simply an Air Force concern, it is a national issue.

Improving Access - Containing Costs

The cost of medical care has grown at almost twice the rate of overall inflation since 1980. The United States spends proportionally more on health care than any other country in the world - over 11 percent of the Gross National Product in 1988. The Department of Commerce projects an increase to 15 percent by the year 2000. While Air Force medical costs have not increased quite as rapidly as those in the civilian sector, we are subject to many of the same economic pressures that confront our civilian counterparts.

State-of-the-art medical care is expensive. New surgical techniques, diagnostic tests and pharmaceuticals drive costs up faster than inflation. At the same time, our aging population is our greatest medical consumer. Those over 65 use five to seven times more health care than the population as a whole. That notwithstanding, we believe we have a special responsibility to meet the medical needs of the retired population. At the same time, however, we are well aware of our fiduciary responsibility to the American taxpayer to ensure that full value for all medical service - either purchased or provided - is received.

While modern technology has enabled us to treat more people as outpatients, this leads to increased demand for outpatient care. Thirty years ago, two-thirds of our patients were inpatients and one-third were outpatients. Today that ratio is reversed. From a financial standpoint, the shift is beneficial since ambulatory care is far less costly than admission to a hospital.

The most efficient way to provide cost effective, high quality care is to do so in our Air Force medical facilities - what we call the direct care system. As a result, we continually strive to increase patient access to direct care in Air Force hospitals and clinics. When required medical services are not available in our medical treatment facilities, local executive management teams make every effort to arrange for the needed services through alternative sources of care. Their efforts have, for the most part, been successful in striking a balance between the need to improve access and the requirement to control costs. I am pleased to report to you on our progress in providing cost effective alternative care.

In 1986 the Air Force launched an initiative that we called the Health Care Finder Program. It was designed to create a network of local civilian providers who would accept CHAMPUS assignment of benefits; submit their credentials for review by the Air Force; and extend some savings to CHAMPUS and CHAMPUS beneficiaries. The Health Care Finder Program has been successful in assisting patients obtaining needed health care services with high quality CHAMPUS providers. At the same time it has reduced costs for the government and for our patients. At last report we had Health Care Finder agreements with approximately 15,000 individual providers, more than 160 civilian hospitals had joined the program, and 30 health maintenance organizations (HMOs), preferred provider organizations (PPOs) and other organizations had signed up.

Designed to augment the capabilities of military medical facilities, the Partnership Program also provides effective health care access for military family members. The Partnership Program links civilian providers with our MTFs by means of negotiated agreements. In all internal partnership agreements, patient deductibles and co-payments are waived. Services range from full-time clinic operations to emergency on-call services. An estimated 300 practitioners are part of our health care team under this program.

A third option is Air Force/VA Sharing. The VA/DOD sharing program has been in effect since 1982 with the passage of Public Law 97-174, "Veterans Administration and Department of Defense Health Resources Sharing and Emergency Operations Act." Resource sharing agreements enable either an Air Force or Veterans Affairs medical facility to sell excess services to each other at marginal costs. More than 50 percent of Air Force medical treatment facilities located within a 50 mile radius of a VA medical facility have sharing agreements with the VA. In fact, more than 200 locally negotiated sharing arrangements between the Air Force and VA are currently in effect. As you know, we also have a joint AF/VA Medical Center at Kirtland AFB, New Mexico. Other sites at Nellis AFB, Las Vegas, Nevada; Elmendorf AFB, Anchorage, Alaska; Davis-Monthan AFB, Tucson, Arizona and Patrick AFB, Cocoa Beach, Florida, are in the planning stages. We think this program works well, offering a wider range of services at lower cost for both Air Force and VA patients.

Three PRIMUS clinics, located in Omaha, Nebraska; Tucson, Arizona and Riverside, California have been seeing patients since 1988. Patient satisfaction with these primary care clinics has been high. Two additional clinics will open in June 1990 - one in Sacramento, California to support McClellan and Mather AFB and another in Tampa, Florida, to support patients at MacDill AFB, Florida.

The Fiscal Year 1989 Defense Appropriation contained language which, for the first time, permitted the Department of Defense to utilize CHAMPUS funds for direct care projects "designed to produce more cost effective medical care." Also contained in the FY 1989 Defense Appropriation Act was a provision to permit the Air Force to draw upon a fund of $23 million designed to "provide more effective and cost efficient" direct care operations. This fiscal year, the Air Force added $33 million to our budget to continue this program as a CHAMPUS cost saving measure. The intent was to return workloads from CHAMPUS to the more cost effective direct care system. Proposals under these programs are identified and justified by local commanders and administrators and submitted through command channels for final approval. Through this program, we have approved more than 30 individual projects, ranging from increasing support staff to establishing open-heart surgery services. Overall, we anticipate annual savings of $52 million from the $33 million investment. We are not as far along with this program as we would like to be, but the number of projects identified and begun locally should grow significantly this year.

The Air Force Chief of Staff has taken a personal interest in increasing medical authorizations to improve access to medical care for active duty families. During FY91- 92, we will add medical authorizations in an attempt to improve access to the direct care system. Both officers and airmen will augment the staff in primary care areas like flight medicine, family practice, pediatrics, obstetrics/gynecology, internal medicine, mental health and optometry.

The key to success in all these activities is providing local management the resources and flexibility necessary to expand their delivery options. At the same time, we hold them accountable for ensuring that the care is delivered in a cost effective manner. Striking this balance is not easy, but we are convinced that the local approach works best.

Corporate America has increasingly turned towards managed care to provide health benefits for their employees. By 1988, the majority of employees with health coverage had it provided through managed care plans. We are working to follow the lead of the corporate world by initiating Air Force Catchment Area Management demonstrations at Luke/Williams AFBs in Phoenix, Arizona and at

Bergstrom AFB in Austin, Texas. These programs are designed to give the executive team the responsibility and authority for managing all military health care system resources, in the local catchment area. Our demonstrations will include 12 elements of managed care: enrollment, case management, a referral system, claims processing, accounting, evaluation, provider networks, utilization management, benefits reviews, data analysis, systems applications and marketing. We feel our comprehensive approach will not only enhance the quality of care and contain costs, but also improve access to health services and enhance patient and provider satisfaction. We began our enrollment efforts last month and have already begun to see patients under these demonstrations.

We are convinced that locally managed and coordinated health care should be the future. We note with interest that some of the largest civilian health care organizations have discovered centralized management doesn't work as well as a decentralized approach. The reason is simple - every location is different. For example, consider our medical facilities at Carswell AFB, Texas and Ellsworth AFB, South Dakota. The active duty populations are similar - 7,400 at Carswell and 7,100 at Ellsworth. Yet their staffing requirements are quite different - 839 people are required to operate Carswell's hospital, but only 383 staff members are necessary at Ellsworth. And their CHAMPUS costs are significantly disparate - nearly $19 million for Carswell and only $2.5 million for Ellsworth. The key difference between these two facilities is their total number of beneficiaries. Only 23,000 are eligible to seek care at Ellsworth but nearly three times that - 65,000 could turn to Carswell for care. With those kinds of differences, it is essential that local managers apply their know-how to effectively managing their respective medical facilities.

Quality Care

Despite rising health care costs, tight budgets and a growing patient population, the Air Force Medical Service must be ever-vigilant in ensuring that the quality of health services is maintained. I am pleased to report that the quality of today's Air Force health care is unsurpassed in our 40-year history. For example, the DOD Civilian External Peer Review Initiative found that more than 98 percent of the cases reviewed to date were well within acceptable standards of care. Those results confirm that the Air Force Medical Service can stand proudly with any other health care system in the world in terms of the quality of service delivered.

Why is the quality of Air Force health care so high? The answer is simple - our people. While we may suffer lack of sufficient quantity in some specialties, the quality of our Air Force health care team is absolutely superb.

To illustrate, the specialty board first-time pass rates for Air Force doctors are almost always higher than those of their civilian counterparts. For example, in family practice, Air Force first time pass rates are 99 percent versus 91 percent in the civilian sector; in obstetrics/gynecology, 98 percent versus 89 percent and in general surgery, 93 percent versus 77 percent. Overall, 75 percent of our specialists are board certified compared to 66 percent across the nation.

The standards of the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) are nationally recognized benchmarks for excellence in healthcare. The accreditation process is a proven method healthcare institutions use to enhance the quality of care provided and to demonstrate their professional commitment to quality of care. All of our Air Force hospitals seeking accreditation from the JCAHO have been accredited.

One of our goals has been to maintain and enhance the quality of Air Force healthcare through our quality assurance programs. The focus of our recent quality assurance efforts has been to look beyond the process to the outcomes of health care delivery. Like our civilian counterparts, we believe that the shift to a "monitoring and evaluation" approach has led us to a more sensible - and effective - quality assurance program.

Last year, we also incorporated DOD directives involving licensure of DOD healthcare personnel, adopted the patients' bill of rights and responsibilities, and we upgraded credentials review and clinical privileging of our healthcare providers.

We think our broad-based Quality Assurance efforts are paying dividends for us. For the third straight year, we have seen a decline in the number of complaints and inquiries we have researched on behalf of your constituents. Providing high quality, compassionate Air Force health care will continue to be a major area of emphasis.

Studies have shown that patients judge the quality of their health care more on the interpersonal relationships with the medical staff than on its technical aspects. In an attempt to ensure that all patients are treated with courtesy and compassion in our facilities, we have instituted a new patient/staff sensitivity training program called TEAM (Treat Everyone As Me) Approach. This program uses videotapes, written materials and locally assigned group leaders. It has been distributed to all Air Force medical treatment facilities, major air commands and training sites. Our goal is to make everyone who comes in contact with patients - from the appointment clerk to the surgical technician, more attentive to their "bedside manner."

Indicators of patient satisfaction also provide clues concerning the quality of our care. In this regard, we were very pleased to receive the September 1989 GAO report, "Defense Health Care: Patients' Views on Care They Received" (GAO/HRD 89-137). According to the report, 87 to 90 percent of patients surveyed said Air Force outpatient care is good, while 94 to 97 percent said our inpatient care is good. While this was great news, we are working to do even better.

A recognized bottleneck to health care and a source of patient discontentment has been our appointment systems. As a result, we are working to eliminate repeated busy signals, excessive time on hold, and the all too frequent response, "please call back, all appointments are filled." We are working hard to install state-of-the-art communications systems, and, we hope to have automated appointment and scheduling systems throughout the Air Force by spring 1991. Also, at most all of our facilities, appointment books now never close. In this way, patients have a realistic estimate of any delays, and can chose other sources of care when it is medically necessary that they do so.

An automated attendant exchange computer system now being tested at three clinics, emulates the actions of a booking clerk. Formerly patients calling for an appointment got a busy signal 70 percent of the time. Now it's down to one percent. We are increasing patient satisfaction with over 189 automatically booked appointments per week.

Medical Service People

As in past years, we are taking aggressive steps to keep our best people in uniform. In FY89, approximately 55 percent of eligible physicians accepted the Medical Officer Retention Bonus (MORB) and 85 percent of those signed four year contracts. We applaud Congressional efforts that revised medical special pays and established special pays for nurses in FY90. Although it is too early to measure the impact, I believe improving financial compensation early in a career is the critical first step toward better retention of our highly qualified professionals.

A recent survey found that in addition to pay, lack of support personnel was the primary reason physicians separate from the Air Force. The $20 million earmarked for support personnel in last year's Appropriation's Act will make a big difference. We have begun hiring 666 civilian employees at our base medical facilities with these funds.

We have embarked on the development of another retention initiative which we call the Cadre Program. The goal of the Cadre Program is to increase physician-to-physician communication and to better meet their professional development needs. This new approach uses special consultants as mentors to physicians at local medical facilities. We have great optimism for the Cadre Program and look forward to reporting on its progress at a later date.

Looking ahead, I am concerned that the extension in the service obligation for graduates of the Uniformed Services University of the Health Sciences (USUHS) will have a very negative impact on the quality and quantity of future applicants. Today, with a hefty seven year obligation, beyond residency training we attract the best students, and the competition for a seat in each USUHS class is stiff. We believe that we will retain most of these outstanding men and women for full military careers. But since few of our prior students have reached the end of their obligated service periods, we don't know what our retention rates will be. Against that backdrop, we feel strongly that the decision to increase the mandatory active duty service obligation to ten years was not prudent.

I am also concerned about recent negative trends in retaining dentists. For three consecutive years, the Air Force has experienced a decline in retention of non-obligated dentists and has not been able to fill all funded authorizations in three of the last five years. The future may present even more serious problems. There is an increasing demand for dental services in both the military and civilian sector and a decreasing number of dental graduates. First year places in dental schools are projected to drop from a high of 6300 in 1978 to approximately 4000 in 1990. A 1988 American Dental Association survey shows 8.4 percent of senior dental students considering government service compared to 19.7 percent in 1978. According to the 1988 DoD Health Professionals Special Pay Survey, 68 percent of active duty dentists felt that current compensation levels were inadequate to retain dentists. Special pays for Dental Corps Officers have not increased since 1986 and there is an increasing pay disparity between civilian and military dental practice. The Air Force must be able to compete favorably for dentists in order for our dental health needs to be met. Preventive and restorative dental care is vital to the Air Force mission.

We now have an accession bonus for nurses and Incentive Special Pay for Certified Registered Nurse Anesthetists (CRNA). While it is too early to gauge the full impact, early returns are encouraging. Eighty-eight percent of eligible CRNAs have accepted Incentive Special Pay and almost all eligible have accepted the accession bonus.

During the past year, we reinstituted the training of Air Force physician assistants. The first class began last fall at the 3790th Medical Service Training Wing, Sheppard AFB, Texas. We think that physician assistants have served magnificently over the years, and that the infusion of newly trained PAs will be healthy for the Medical Service.

Health Promotion

Through our Health Promotion Program, we continue to emphasize preventive medicine to promote healthier lifestyles, improve overall health and to enhance combat readiness. At each medical treatment facility we have a health promotion coordinator. Referrals to health promotion from outpatient clinics indicate a need for an efficient system to screen, educate and intervene to assist our patients with lifestyle changes.

A health promotion prototype clinic opened at Carswell AFB, Texas and has provided valuable data for establishing similar clinics throughout the Air Force. Over 900 people at Carswell have been screened and half of this group is receiving assistance in modifying unhealthy lifestyles. At other bases, we have expanded the number of wellness clinics from four to 16.

The smoking population in the Air Force continues to decline. Based on a 1988 survey, 66,000 Air Force people have stopped smoking since 1985, and annually we have seen a 10 percent reduction since then. Our smoking cessation clinics can take credit for much of this tremendous progress. Most medical treatment facilities have adopted smoke-free policies for patients and staff, and all Air Force common work areas are now smoke-free.

Another of our health promotion efforts, the Coronary Artery Risk Evaluation (CARE) program has been expanded in a prototype program to include pediatric screening. This new effort, known as CARE III, uses family history, blood lipid studies, blood pressure and body weight to identify children at high risk for developing coronary artery disease. Children at risk enter intervention programs and are continuously monitored. Parents are counseled on proper nutrition, exercise, drug therapy and smoking prevention. We see great potential for improving the health and well-being of our youngsters under the Care .II Program.

We have devoted considerable effort to health promotion because we think it works. This month, for the seventh consecutive year, has been designated "Win With Wellness" month. Health Promotion Coordinators at each medical facility have planned activities to increase wellness lifestyle awareness in our Air Force family. Health fairs with screening clinics, fun runs, and other health related events are planned. The results of health promotion are almost impossible to analyze over the short run. Nevertheless, we believe the non-effectiveness rates for active duty airmen and officers -- now at their lowest levels in history -- give credence to our initiatives. We plan to continue, and intensify, our efforts in the future.

Medical Readiness

Like the members of this Committee, we in the Air Force Medical Service have observed the changes in the geopolitical structure of today's world with fascination and optimism. At the same time, we have reflected that the concept of deterrence which brought about these changes, was based in part on a strong readiness posture for the Air Force. We believe that continued vigilance, including a strong commitment to medical readiness, is imperative to our future.

During the recent Panama invasion, with superb support of Reserve forces, we proved the value of our peacetime health care and aeromedical evacuation systems which are ready for a wartime footing. When our physicians, nurses, and other professionals were ready to meet the challenges of wartime during Operation JUST CAUSE, we confirmed that our earlier investments in medical planning and training paid off very well.

During the JUST CAUSE operation, medical forces deployed to Panama along with the combat forces; some even went in advance of the main forces. Within hours, Wilford Hall USAF Medical Center and Brooke Army Medical Center in San Antonio, Texas reconfigured their facilities to receive American casualties. I am very proud to report that JUST CAUSE was a medical readiness success. Within a short span of four or five days, we received and cared for over 258 casualties, many with very serious wounds.

We believe our medical readiness program must remain on firm ground and appropriate improvements are planned as programmatic enhancements are funded, procured, and fielded for operational use. We have come a long way since the time when our capability was limited to a handful of 24-bed air transportable hospitals, a small aeromedical evacuation system, limited airlift support, and sketchy plans to expand our peacetime hospitals.

Our 26 air transportable hospitals have been expanded from 24 to 50 beds and have been given enhanced capability. These units will support mobile, highly-rapid, well equipped small scale forces and strategic power projections. They also provide flexibility in responding to natural disasters such as Hurricane Hugo and the San Francisco earthquake.

I am particularly proud of our efforts to realize a substantial improvement in aeromedical evacuation capability. As the Executive Agent for worldwide aeromedical evacuation, the Air Force has recognized the limitations of its own organic airlift. We opted to establish a dedicated capability to support the aeromedical evacuation system by securing a segment of the Civil Reserve Air Fleet (CRAF). Coupled with our FY 90-91 procurement of aeromedical evacuation shipsets, we will soon have up to 94 Boeing 767s at our disposal for strategic (theater to CONUS) medical airlift. We have also arranged for 33 McDonald Douglas MD-80s for the redistribution of patients once they arrive in CONUS. In addition to transporting returning casualties, this system will also enable us to move medical equipment, supplies, and medical personnel to theaters of operation.

Unfortunately, we continue to experience shortfalls in selected contingency essential specialties including surgeons, orthopedic surgeons, anesthesiologists, flight surgeons, nurses, and others. However, we have numerous programs and incentives to mitigate these problems including shifting recruiting resources to help attract medical personnel. Given overall end-strength ceilings in both the Active and Reserve Forces and the objective of maintaining balance in programmatic growth, a quick resolution of all medical shortfalls is not projected. Overall staffing is quite good with over 97 percent in the active component and 95 percent in the total selected Reserve. Our capability in WRM matches, with few exceptions, our manpower - we can staff what we have procured.

Medical readiness training also deserves special comment. Last year at this time, I reported that we were about to embark on the most ambitious field medical readiness training program in Air Force history. Phase III of our Medical Red Flag Program has been initiated and is now training increments of medical personnel on specific facets of their contingency responsibilities. They use the same equipment and supplies they would be expected to use in wartime - all in a field environment. We hope to cycle every active duty medic subject to deployment through this training every three years. Likewise, new medics entering the active Air Force through our training site at Sheppard AFB, Texas will get a detailed orientation to the field facility. As a complement to Medical Red Flag, the newly constructed Medical Readiness Training site at Phelps-Collins ANG Base, Michigan, will conduct all second-echelon training for deployable Air National Guard and Air Force Reserve medical units.

Supporting Air Force contingencies requires the Medical Service to be available from the very onset of any hostilities. Our health care system must rapidly expand, mobilize, and deploy to the area of operations. At the same time, CONUS-based medical resources must expand to provide care for the returning sick and wounded. The changes in Eastern Europe over the last several months have altered some of our medical readiness requirements. However, we believe that our current program is flexible enough to meet these changes and ensure that it represents a minimum essential level of capability.

Future Challenges

The Base Realignment and Closure Commission recommended closing five major Air Force installations beginning this year and ending in 1994. These closures will include medical facilities at Pease Air Force Base, New Hampshire; Chanute AFB, Illinois; and Mather, George, and Norton Air Force Bases in California. While medical facilities may close, we hope not to lose medical manpower. Thanks for Congressional support in this regard.

The retired community will be hardest hit by the loss of medical facilities in their communities, but there may be some Air Force care available at the realignment bases. For example, while Norton and George Air Force Bases are scheduled to close, we have programmed additional medical manpower and a construction project at March Air Force Base to accommodate some increased workload. We are also asking ASD(HA) to evaluate construction projects at the other realignment sites at Beale AFB, CA and Cannon AFB, NM, Sheppard AFB, Texas; and Mountain Home AFB, ID and McClellan AFB, CA.

The Army plan to reduce Fort Dix, New Jersey to semi-active status and close Walson Army Hospital, will effect the nearby McGuire AFB Clinic. With Air Force line support, we are programming increases in medical personnel to expand services at McGuire and plan to begin design as soon as possible for a new hospital for McGuire.

Throughout the base closure process, our objective has been to maintain the same level of services to all beneficiaries where possible. With the tremendous support of the Air Force line, we hope to minimize the impact on our patients. Medical care will be a significant factor in the feasibility studies and economic analyses of additional base closure considerations.

Despite our best efforts to ameliorate their effects, base closures will place additional pressure on Service CHAMPUS budgets. We need to be aware of this factor and to plan for it.

We believe any reduction in the size of the active Air Force will present challenges for military health care. Force reductions will not shrink our eligible patient population proportionately. In fact, the retired rolls (already the fastest growing segment of our patient population), may grow more rapidly than they have in recent years. In that kind of environment, retention of our skilled Air Force health care providers and support personnel will become even more critical.

A vigorous medical construction program will be vital to improving patient access to care, reducing CHAMPUS expenditures, and enhancing our medical readiness posture. At the same time, we need to correct life-safety deficiencies at several of our facilities. The life-cycle for most Air Force hospitals and clinics will probably approach 50 years. We would like to reduce that to 35 years, but even that figure is far behind the health care industry standard.

Conclusion

The challenges of the 90's will bring greater emphasis on cost control as we support a reduced active duty force. While the size of the Air Force may shrink, our medical response can never be less than first rate. Our focus will remain the same - mission support. We prepare for contingencies every day doing what we have been trained for and what we do so very well - taking care of patients. Keeping costs in check will take a greater investment in the direct care system.

Senator **GLENN**. Thank you.

We will stand in temporary recess, be back as fast as we can.

[Recess.]

Senator **GLENN**. The hearing will resume.

I want to acknowledge two other individuals that are in the room today who have helped us out a lot on facts and figures on CHAMPUS and overall military medical, from the GAO: David Baine, who is Director of Federal Health Care Delivery Issues, Human Resources Division; and Stephen Bacchus, Assistant Director of Defense Health Issues, of the Human Resources Division of the GAO.

Hold up your hands, gentlemen, if you would, please. Thank you for being with us this morning and thank you for all the work that you have done on this.

We asked them to be here this morning as resources for information if we needed it.

Dr. Mendez, as I indicated in my opening remarks, CHAMPUS has a shortfall in this year's funding of at least $667 million. Just 2 months ago in a hearing before the Subcommittee on Defense of the House Appropriations Committee, I believe you estimated the CHAMPUS shortfall for this year to be $541 million.

The increase in the estimate of $126 million in just 2 months is about a 23 percent increase. Can we not estimate closer than this, or do we have budget gamesmanship going on here? And why are we so far off and why have we been historically so far off according to the figures that I passed out earlier this morning?

Dr. **MENDEZ**. All right, sir. I think that the answer to your question has a number of facets. Let me address them if I may.

The first reason, of course, is that we have had an increased demand in terms of health care—an actual increase in the number of visits that has occurred. Within the last fiscal year there was approximately a 1.2 million increase in visits. That is despite the fact that there was an increase in the medical treatment facility system of some 400,000 ambulatory visits.

The expectation, Senator Glenn, was that if you hold these two things in balance, that as we would increase the number of visits in the military treatment facility system that there would be a concomitant decrease in the CHAMPUS visits. That did not come to fruition. That actually did not happen, and as both systems were being addressed there were concomitant increases in both systems. That is the first reason.

Senator **GLENN**. Did we not know all that? Did we not have all those figures when the budget was being put together and sent over to us?

Dr. MENDEZ. No, sir. The expectation was that as investment savings were made to increase the workload in the military treatment facilities there would be a decrease in the CHAMPUS workload.

Recollect, sir, that from fiscal years 1985 to 1989 there was essentially a decremented curve in terms of the number of patients that we were seeing in the medical treatment facilities. It was not until fiscal year 1989 that the workload in the MTFs started turning the corner and increasing that curve upwards, so that actually the increase in the MTF's occurred in the time frame of 1989, but at the same time the expected decrease in CHAMPUS did not take place.

For fiscal year 1990, there was a second reason for the CHAMPUS shortfall, namely that about $100 million of that particular shortfall was a carryover into fiscal year 1990 from unpaid fiscal year 1989 claims.

The reason for the balance of the shortfall is an interesting one. The balance can be explained as an unrealized CHAMPUS savings from investment in military hospitals, namely the expectation that as we made investments in the direct care system those investments would result in a realization of cost savings within the CHAMPUS budget.

For instance, the amount of the difference between the two figures that you used, the $541 million and the $667 million, were investment savings that were not realized in the Navy in that expectation for that particular year.

Senator GLENN. Yes, but Dr. Mendez, I can understand shifting one year to another, but we are still off by $252 million that normally would have gone into fiscal year 1989 then, and even after shifting accounts over to 1990 we are still $252 million off in 1989.

Dr. MENDEZ. That there was a loss in 1989, you mean?

Senator GLENN. You were still underfunded.

Dr. MENDEZ. Oh, yes, it was underfunded in 1989 also, yes, sir.

Senator GLENN. Well, this is not a good track record going back, and I know all this did not happen on your watch, but just look at those figures on that chart. And I presume they are accurate. If not, certainly correct them for me. It just shows such a consistent pattern of underestimating what CHAMPUS is going to cost.

You know, back many years ago I was in the old Bu/Air for a while, even way back before I was in the space program, on a project desk on one of the airplanes. And we had what we called a fudge factor, and when North American put in or Grumman put in or somebody put in a new bid for an airplane, we knew historically how much they had fouled up in the past on their bids because we knew what their contract cost was historically and we knew what they had bid.

So we automatically took that percent fudge factor, which varied between 15, 18, 20 percent from one contractor to another, and we just applied it and added it onto their bid when it came in.

Now, are we going to have to do something like that here on the CHAMPUS and military medical costs? Because I get a feeling that in the budget environment we are in now that this is just budget gamesmanship that is going on now. We undercall the amount needed and then we depend on a supplemental or a reprogramming to make up the difference, and we dutifully go along every year.

But that is not the way we should do our budgeting, and it has been historic. The CHAMPUS cost overruns just show that we historically have been off by somewhere—well, the very lowest figure was 10 percent—one is 2 percent, then the other years are 27 percent off, 42 percent off, 26 percent off, and 28 percent off this year.

That is not a very good track record for DOD, unless they are playing games with us.

Dr. **Mendez**. Number one, I agree with your figure, Senator. I have no reason to dispute it. I really cannot address your definition of the budget game. As I see the reason, it is the result of an overestimation of savings and the timing during which those savings were expected to be realized, it is those investment savings that I am talking about, plus an underestimation of how many patients are going to make a demand on this medical system in terms of frequency of use.

I believe those two things are the major reasons for the overrun.

Senator **Glenn**. Well, let me go service by service here and ask you each what the CHAMPUS funding shortfall in each of your respective services is and when you would have to cease CHAMPUS payments if you do not receive funding relief, either through a supplemental or through a reprogramming, because what we are up against here, is a rock and a hard place.

And I would ask you at the same time if you can identify any sources of funds within your respective services to reprogram to cover the CHAMPUS shortfall, if that is what we are going to be asked to do.

General Ledford, do you want to lead off?

General **Ledford**. Gee, you gave me a tough problem there, sir.

Senator **Glenn**. Intentionally.

General **Ledford**. Sir, the Army's shortfall is projected to be $174 million, and we have identified $6.9 million out of hide, which leaves $167 million that it looks like we cannot possibly fund out of hide.

Let me add a couple of things to what Dr. Mendez said about the box we are in. Let me give you a couple of numbers. The first quarter of this year, our workload in the direct care system was up rather substantially, up 2.3 percent in admissions and 3.9 percent in clinic visits. And those are big numbers when you are talking about 60,000 clinic visits a day. That is a huge amount of money.

Senator **Glenn**. Why the huge increase? Do we know? Is there something special going on that I am not aware of?

General **Ledford**. Yes, sir. We were thrashing our people and really working hard, sir. We made a very definite promise in Army medicine to be as productive as possible. And we also improved our personnel staffing a little bit in that time period. We had some more ancillary people and our doctors were more productive.

But at the same time that that increase in workload went up, our CHAMPUS admissions went up 8.9 percent, our CHAMPUS clinic visits went up 12.6 percent, and our non-availability statements went down—down—1.8 percent. And so what is happening here is that there is, as Dr. Mendez says, more demand for our system.

And we had a similar problem like this in the Army last June, and when the Secretary of the Army called me in on the carpet and wanted to know what was going on, and I explained to him the increased workload on both sides of the issue, he chose to be charitable and he said: You know, what you have done, Frank, is you have taken the hassle out of the direct care system by making things more available to your patients; you have begun to manage CHAMPUS more effectively and make it easier to use; and so the patients have taken you up on this. And maybe that is part of it.

And in this milieu, sir——

Senator GLENN. Would that mean—and I am on your side by asking this question. Would this mean that a lot of these people we are treating now were at that time, just people going untreated or untended?

General LEDFORD. Exactly, sir.

Senator GLENN. And now the system is taking care of them, where they did not before?

General LEDFORD. Exactly. More people are using our system.

And let me tell you another reason why they are. First of all, I think we have made our system more accessible and a better system and people want to use it more. That is number one.

And number two, look at what has happened on the outside. Last year the health insurance costs for major industry went up 20 percent and the co-pay for patients went up significantly last year, too. We have a feeling that a lot of people out there who are now retired and have self-insurance and are working for other employers all of a sudden have found that CHAMPUS is a lot better deal than their own insurance programs and the ones given by their employers. And we think that that is beginning to drive them back in to us.

We have a very good—this is a bargain we have, sir.

Senator GLENN. Admiral Zimble.

Admiral ZIMBLE. Yes. Let me just re-emphasize. First of all, I think we were naive in our budgeting process in thinking that we had a balanced ecosystem and that by driving more people into the direct care system we would decrement the number of people that would be in the CHAMPUS system.

But as it turns out, CHAMPUS is a good deal. It is an indemnification type of insurance policy. We have not changed the deductible since its inception 23 years ago. The co-pay is equivalent to the co-pay in the civilian sector. There are no premiums, whereas premiums in health care plans in the civilian sector went up 40 percent, 30 to 40 percent, in just this past year.

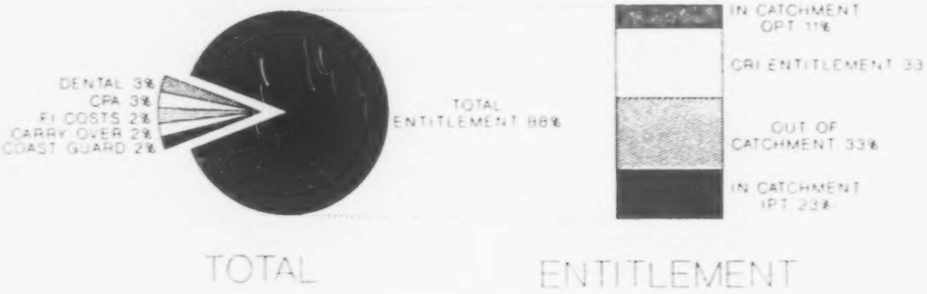
So we are looking at a system that we just pay the bill. I have, which I would like to submit for the record, a Pacman chart that tries to show a lot of different pies.

Senator GLENN. That will be included in the record.

[The information referred to follows:]

#1

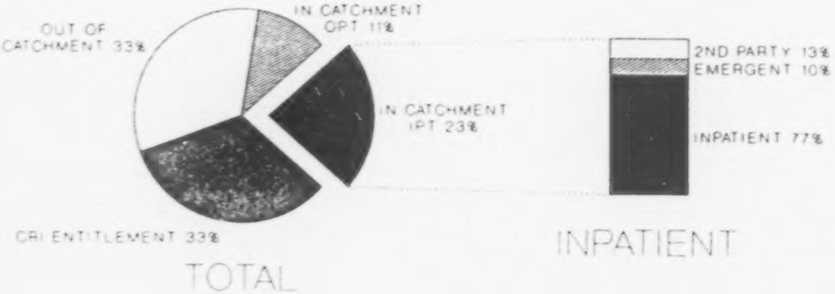
TOTAL CHAMPUS DISTRIBUTION
(NAVY - FY 89)



100% TOTAL CHAMPUS NAVY

#2

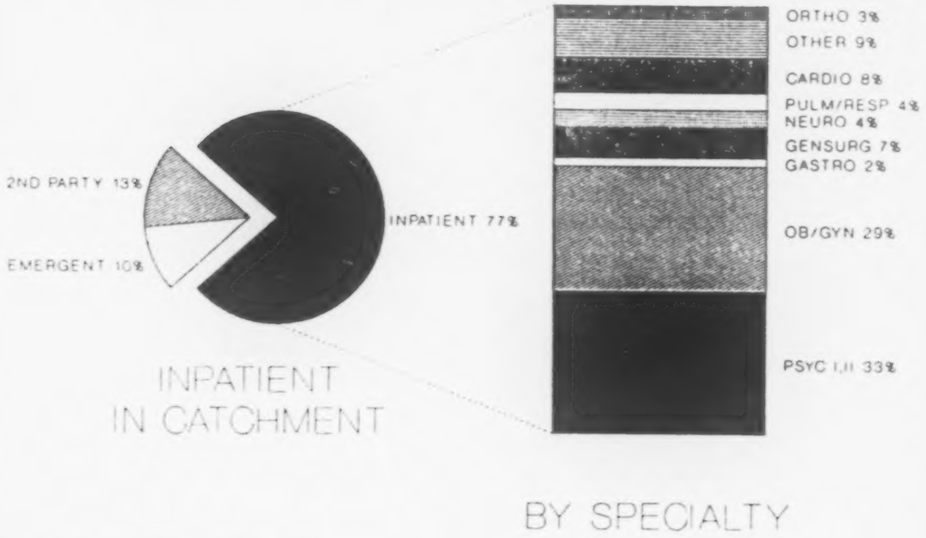
TOTAL CHAMPUS ENTITLEMENT
(NAVY - FY 89)



88% OF TOTAL CHAMPUS

#3

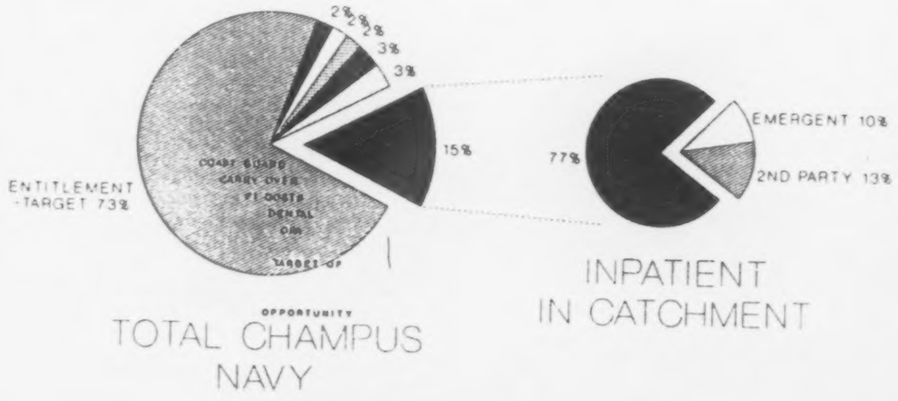
CHAMPUS INPATIENT COSTS
(NAVY - FY 89 IN CATCHMENT)



20% OF TOTAL CHAMPUS NAVY

#4

TOTAL CHAMPUS NAVY
(FY 89)



Admiral Zimble. But it starts off by saying basically that, of the total CHAMPUS bill that we pay, there is about 12 percent that are fixed costs: costs for the fiscal intermediary, costs for the carryovers, costs for dental, costs for demonstration projects, costs for the Coast Guard.

When we eliminate those, we then have a system which says our inpatient, in-catchment area costs, the ones that we control with non-availability statements, not including CRI, is only 23 percent of the total CHAMPUS bill. Of that, 13 percent CHAMPUS is the second party payer. We pay that without issuing a non-availability statement. Ten percent is emergency care. That is given without an non-availability statement.

So the inpatient care in the catchment area comes to 77 percent last year of the total inpatient catchment. Of that, 62 percent was obstetrics and psychiatric, for which I have no flexibility since I am understaffed in the direct care system, and psychiatry.

The bottom line we really could influence, not manage but influence, is about 10 percent of the total bill that we were forced to pay.

The people are coming back into our system, the people we used to call the CHAMPUS ghosts, and I submit that we are being haunted by CHAMPUS ghosts.

Senator GLENN. When are you going to have to cease CHAMPUS payments if you do not receive funding relief?

Admiral ZIMBLE. We have ceased, sir. We ceased on the 7th of May.

Senator GLENN. You stopped already?

Admiral ZIMBLE. Yes, sir.

Senator GLENN. General Ledford, what was your figure on that? When would you have to stop?

General LEDFORD. My folks tell me mid-September, sir.

Senator GLENN. September.

You already stopped?

Admiral ZIMBLE. We had to stop. Our bogey this year was $263 million, sir. Great surprise, because last year's bogey was $33 million and we could roll that over. It was practically invisible.

Not only are patients coming back in, we had a 7 percent decrement in the number of non-availability statements this year, but there has been a change in the paradigm of the way we deliver health care. We now do a great number of very significant and surgical procedures as outpatients in same-day surgicenters. We even have folks who are delivering babies using the same day approach.

That means they do not need a non-availability statement. That means we can sit back and pay those bills. We need to have a better way of influencing the way health care is accessed and the way it is delivered.

Senator GLENN. Where do you propose to find the money for reprogramming this year? How much will your decrement be, now?

Admiral ZIMBLE. $263 million.

Senator GLENN. $263 million?

Admiral ZIMBLE. Yes, sir. And I think the offsets have been identified by our programmer.

Senator GLENN. Where are they going to come from? Do we know?

Admiral ZIMBLE. They are coming from other areas. I am not familiar with precisely where. I can get that information for you, but they have been identified.

Senator GLENN. Is this within the Navy or within Navy medical?

Admiral ZIMBLE. Within the Navy.

Senator GLENN. It might be ships or O and M account or whatever?

Admiral ZIMBLE. Yes, sir. It will be outside of Navy medicine. Otherwise we would just drive the bill up even higher.

It is coming out of OPN dollars, Senator Glenn, other procurement, Navy.

Senator GLENN. Which will leave them short in exactly what areas, do we know?

Admiral ZIMBLE. I will have to get that for you, sir.

Senator GLENN. Okay. General Miller.

General MILLER. Yes, sir. We will run out of CHAMPUS funds in early June.

And I would like to go back to your original question, and I sense as much concern as to why we cannot project accurately as to the increase in costs. And I would tell you in all candor, sir, and I am sure Dr. Mendez would agree, that the model for projecting those costs has not been a good model.

Example: Air Force, that model projected a $229 million shortfall. In April the same model is projecting a $245 million shortfall.

I would also tell you that I do not believe there is real budget gamesmanship, but I will tell you that since the services pay the CHAMPUS bill out of the service budget, unlike it was a few years ago when it came out of DOD, sir, that there is a temptation to take prematurely projected savings, and that is what happened to the Navy last year.

You are also aware that there has been a rollover from every previous year. For Air Force it was about $52 million. And I would share with you just a brief comment as to increasing costs per se and point out that increasing utilization is certainly part of it, but technology has made care so much more available than it was.

The example I use in talking to groups, sir, is that dear old Sola needed cataract surgery and, you know, 20 years ago waited until the cataracts were ripe or until she was almost blind. Today that can be done with a lens implant and she is back on the streets the next day.

The same is so with the increase in adolescent mental health clinics, which are a big item in our CHAMPUS dollars, and we are struggling hard to find alternatives to that and gain control of that with coordinated benefits.

Senator GLENN. Dr. Mendez, do you have any breakdown by types of beneficiaries under CHAMPUS? In other words, active duty families, retirees and families, survivors including widows and dependent children, things like that? Do you break this down so you see where your cost variations are from one year to the next, that it would give you a better handle on making these estimates?

Dr. MENDEZ. Yes, sir. For instance, in terms of the direct health care system, we have noted an increase in usage of the direct health care system, that is the military medical treatment facilities, an increase from fiscal years 1985 to 1989 that projects into

1990 of about 15 percent of folks who are 65 years or over, while there has been a concomitant decrease in usage of the medical treatment facilities by individuals below that age group. There has been a greater increase in usage on the CHAMPUS side by individuals below age 65 and an increase in the medical treatment facilities side of individuals who are above 65 years of age.

Senator GLENN. General Miller, back to our previous question. I did not get your figure on what the actual shortfall figure would be and what the sources are going to be to fund that out of the Air Force?

General MILLER. The official figure as of January, sir, was $229 million, and I believe that is the target for reprogramming. It will come out of Air Force operational dollars, but I cannot provide you a breakdown. I can submit that if you desire.

Senator GLENN. We would like to have that for the record from each one of you, if you would, please. Thank you.

[The information follows:]

NAVY

Navy has requested authority to reprogram $263 million to cover our expected fiscal year 1990 shortfall. No specific sources are identified since this reprogramming is being handled as a part of the larger military personnel reprogramming issue.

AIR FORCE

As General Miller stated at the 15 May 1990 hearing, the official Air Force CHAMPUS shortfall is $229 million. The Air Force reprogramming is $217 million; the difference being non-expansion of Catchment Area Management (CAM) and CHAMPUS Reform Initiative (CRI). Air Force is financing the $217 million shortfall by a reprogramming of investment funds ($144 million), the transfer of industrial fund cash ($32.8 million) and internal realignment of Program 8 Operations and Maintenance funds ($40.2 million).

Senator GLENN. Dr. Mendez, in fiscal 1990 DOD expected to achieve about $200 million in CHAMPUS savings by investing more in direct care. Admiral Zimble mentioned this a moment ago, too, I believe. These savings have not materialized. Yet in the fiscal 1991 CHAMPUS budget it assumes that $313 million in CHAMPUS savings will be there due to direct care initiatives.

How much confidence do you have that you will actually save that $313 million in 1991, given the CHAMPUS savings performance in fiscal year 1990?

Dr. MENDEZ. I do not have particular confidence in that figure, Senator. I believe in terms of the first portion of this fiscal year, in terms of the increases that I am seeing both in the MTFs and on the CHAMPUS side and the projections of the model, that the shortages may be similar in the fiscal year 1991 time frame as they are now in fiscal year 1990.

Senator GLENN. When you add the $667 million CHAMPUS overrun to the CHAMPUS budget for fiscal year 1990, the total CHAMPUS costs come out to about $3.1 billion. Your CHAMPUS request for 1991 is $2.7 billion, but that assumes the questionable $313 million savings we just discussed.

Are we going to have to look for offsets from other DOD accounts to transfer to CHAMPUS in our markup for fiscal year 1991 DOD budget? If so, what is your estimate of the amount needed? We are going to have to deal with exact figures when we get to markup.

Dr. MENDEZ. All right, sir. The fiscal year 1991 President's budget was constructed to fully fund CHAMPUS against the best estimate of requirements at the time it was formulated. In reality, that best estimate reflected reductions in two large categories of savings: one, the investment savings that you are talking about in the direct care system to offset the CHAMPUS; and also, the Program Budget Decision (PBD) savings that were attributed to proposed or ongoing programs intended to improve the management of CHAMPUS.

Now, this shortfall occurred, as you stated, in the fiscal year 1990 budget and therefore my impression at this point in time is as I stated, that this investment savings will not come to fruition. And for that reason, I believe the CHAMPUS program is underfunded for fiscal year 1991 as well.

Sir, the amount of the underfunding right now is projected as somewhere between $665 million and $740 million.

Senator GLENN. What we are fighting against here is trying to prevent dealing with service by service by service by service. We should be able to deal with a DOD figure, and it is going to be up to you to coordinate these things and to tell us where the money is coming from or, if it has to come out in a supplemental, then tell us that, too. But one or the other of those has got to be the source of funds.

When we get into talking about what they are going to cut out in some other area, that gets to be very contentious, as you know. That is the problem with being underbudgeted year after year. We go through some of these same things every year.

So we are going to look to you for coordination so that we have one proposal to us, hopefully, on how we are going to deal with this across the whole DOD.

Dr. MENDEZ. All right, sir. I think we both want the same thing, Senator.

Senator GLENN. Absolutely.

Dr. MENDEZ. You know, to really be able to project and manage the structure correctly so that we do not have this underfunding problem. I agree.

Senator GLENN. Thank you. Senator Lott.

Senator LOTT. Thank you, Mr. Chairman. I would like to also express my appreciation to you for having this hearing and giving us the opportunity to get into these issues. They are very important to our military men and women and their morale, and I just think the whole issue is very important for our military.

I would like to also take this opportunity to thank the gentlemen here today and the people they represent for the job that they do. I have been in military hospitals in various military type facilities and I think as a whole they do a very good job, and I would like to commend you for it.

Now, having said that—you know, usually you give out the compliments and then here comes the lowballs or fastballs. Just in very general, Dr. Mendez, 2 or 3 years ago, I guess it was about 3 years ago, we had a real problem in some of our Navy and Air Force and I presume all of our military hospitals with being able to deliver the services. We had problems with not being able to get through on phone calls or being put on hold or waiting lists.

It was not just our military people. It was primarily our retirees. Now, I have the impression that that situation has improved through a variety of measures because I am not getting as many complaints as I used to.

Would you just comment briefly on how well we have done in overcoming the availability of these services?

Dr. **Mendez**. I think that availability has increased, Senator. I think that it can be quantified. Certainly for this past year, the services saw some 400,000 ambulatory visits more than they have before. In the first quarter of fiscal year 1990, if you project it and annualize it, it looks like that figure is going to be about 900,000 more visits.

This, however, does not reflect exactly the business of savings because of the increase in the CHAMPUS costs, as we have been discussing. I think, however, there are some efforts in terms of process that will cause significant improvement. Let me speak to the matter, for instance, of the problems with appointments.

The Air Force, for instance, is now doing a very good type of evaluation in terms of changing appointment systems so that we do not get much of that "appointments are closed for today," response early in the morning, or "we will have an inability to be able to schedule you in this specialty or that specialty". I believe we have to be better in that matter of the appointments because, although accessibility may be there in terms of the working force and their ability to produce the care, the process has to be there in order to proceed at a good rhythmic pace.

So there is still room for improvement in that portion of it.

Senator **Lott**. Would any of you like to comment on that?

General **Ledford**. Sir, I could comment. First of all, could I make a correction before you think I am senile. Clearly, if there is no reprogramming the Army would have to turn off CHAMPUS care in about mid-June. The mid-September number was where we could go if there was reprogramming.

And sir, back to what we have been doing to increase access, and I think it has paid off, we have a program in the Army called the Army medical enhancement program, started by my predecessor, which has allowed us to hire more ancillary personnel to make doctors and nurses more effective.

In 1988, we hired an additional 549 people, in 1989, 496. This year that program would have brought on board another 100 or so and it got a little bit behind the eightball because of the civilian hiring freeze.

We are now out from under the civilian hiring freeze in part and moving again. So, I think the addition of ancillary personnel is really beginning to pay off.

Senator **Lott**. Rather than staying on that subject any longer, if I could let me move on to a couple of others. You have been testing a system, composite health care system, in certain designated facilities, I guess four or five. Dr. Mendez, what is the update on the status?

I understand that there have been some problems with it. It appears that the physicians and nurses are using it and the administrative personnel, but there have been some complaints about equipment and software, things like that. How is that system working?

Dr. MENDEZ. All right, sir. The system is progressing. I think there is one major problem and that major problem has to do with the inpatient order input. The system has an ambulatory side to it, it has an inpatient side to it. It also has a retrieval system in which we get specific results from the laboratory and from X-ray, in to the provider.

And then there is the inpatient portion, in which the orders from the physician and the reactions to that occurs. This occurs both in terms of medicine and nursing. It is the portion of it that I believe has had the most difficulty in its application.

Things like the pharmacy systems and the retrieval systems in general are operating well. So, to the effect of this particular portion of it, there basically has been a deletion for the present of that portion of the test in the Navy, both at Jacksonville and at Charleston, and a continuity in different wards of the other test sites for that portion of the program.

So, the answer again is a bit heterogeneous. We are continuing that portion of the program in several sites; but it has been discontinued in two sites.

Senator LOTT. Admiral, would you like to comment on that?

Admiral ZIMBLE. Yes, sir. We have gone through the growing pains at two beta sites, in Jacksonville, Florida and Charleston, South Carolina, of bringing on board portions of the composite health care system. It is being introduced in an integral modular fashion, and the physicians who are using the ambulatory modules, the pharmacy, X-ray, laboratory, the PADS, the patient appointment systems, find them very satisfactory. As a matter of fact, they have come to enjoy the benefits of the early CHCS products.

Senator LOTT. Well, that is the question, you know. Being satisfactory is not good enough. Is it going to improve care?

Admiral ZIMBLE. Yes, yes. Again, our providers have gotten to the point now where they would not like to have the systems taken away from them. I would like to go further and start deploying the segments that are working into some of the other facilities and get the benefits.

The inpatient ordering system has some bugs that still need to be worked out. It is not being well accepted by our physicians and it is not being accepted because it is work intensive. It is not doing what we want it to do, which is relieve physicians of some of the administrative tasks.

Those can be worked out. It can be made more user-friendly. It needs more time for development. So, I think that the system is far better than it was years ago. It is a system for which we have great vision. Right now we have some modules of that total composite health care system that are very effective and that are helpful in our ability to deliver and document care.

I will point out one item where I think it is extremely satisfactory. Our doctors now write a prescription for a patient whereas the patient used to go to a waiting room and wait for hours until that prescription could be filled, now we find in some of our hospitals where we are using the system that the pharmaceuticals are waiting for the patient to arrive. The waiting time is remarkably reduced.

The system has enhanced overall access, and our ability to be more proactive in providing good customer service. I am all for coming into the 20th and the 21st century with the technology that is available.

Senator LOTT. General, you have several Air Force installations, including Keesler.

General MILLER. Yes, sir, we do, and I would echo what my colleagues have said. There are portions of it we are very happy with. The folks at Keesler are happy with the patient appointment and scheduling system. We are not happy with order entry. We feel that development has a lot to do yet as far as research and development.

We prefer going ahead with the modules, some of which replace ancient automation in our bigger places. And of course, the Air Force being smaller and being scattered all over the world, we do not have a need for as big a system as the total system would be anyway.

Senator LOTT. One last question and I know it will be time for me to relinquish the microphone, too. I understand that the services are experiencing serious shortages of optometrists—you are 40 percent short of what you need or some significant number less than what you need.

I also understand that optometrists' special pay is $100 a month and it has not been raised since it was established in 1971.

What is the situation here with regard to possible shortages or increase in special pay or accessions so that this problem can be handled?

Dr. MENDEZ. My understanding, Senator Lott, is that the need is in the Army as such, and I am sure that General Ledford would like to expand on what I am going to say. But indeed there has been special consideration of the needs in the Army in optometry, particularly in terms of the relation with health professions scholarship program input that can occur. Frank.

General LEDFORD. Well, the good news—and we do have a significant shortage in optometrists and these are critical specialists for us. The good news is that we have revived the health professions scholarship program for these people and we have 50 students in the program. This is a terrific initiative.

The special pay is still only $100 a month. That is not competitive with what they can demand on the outside clearly.

Senator LOTT. Are you going to recommend something on that?

General LEDFORD. I would like to, sir.

Senator LOTT. Well, I would like you to give me a little more information on what the shortage is and what it means and what we can do to address the problem.

[The information follows:]

OPTOMETRY SPECIAL PAY

Army Optometry is critically short personnel. There are 216 authorized positions and only 141 optometrists. This represents a 65 percent fill ratio. Retention rates for Army optometrists have also been consistently low. Fiscal year 1989 data shows that only 28 percent of optometrists at the end of their initial obligation, choose to remain on active duty. The effect of these two problems is that optometric care is not always available for all categories of beneficiaries at some of the Army's medical treatment facilities.

Adjusting existing special pay should have a prompt, positive effect on optometrist retention. In 1971 Department of Defense optometrists were given a special pay of $100.00 per month. This has not been adjusted in the 19 years since then.

The Department of Defense Health Professionals Special Pay Study of 1989 identified optometry as a speciality needing enhancements to pay. Amending the provisions of existing law would be an expedient, simple and effective solution. Specifically, amending 37 USC 302a, would allow for special pay to be increased.

Senator LOTT. Thank you, Mr. Chairman.

Senator GLENN. Thank you, Senator Lott.

I would like to follow up a little on the CHCS area that Senator Lott got into. In 1988, after evaluating CHCS demonstrations and proposals, DOD awarded a contract to develop, test, deploy, and support CHCS. Initially DOD expected to complete operational test and evaluation at 10 sites by September of 1989.

Because of schedule slippages and concerns raised by GAO about DOD's OT&E plans, DOD expanded the number of sites to 14 and established a new OT&E completion date of August 1990. Because of subsequent problems, DOD reduced the number of test sites, as I understand it, to six and established a later OT&E completion date of October 1990.

Given that kind of track record, how much assurance can you give us that OT&E will be satisfactorily completed at even these six sites by October 1990?

Dr. MENDEZ. Because of the relevant problem at this point in time in terms of order entry on the inpatient side, I cannot really tell you, Senator Glenn, that all of it will be completed by October 1990. I believe it is necessary to lay that out in a very prudent fashion before you proceed to a particular milestone time.

Senator GLENN. According to GAO, your plans show that about 38 percent of the software for that system will not be developed or deployed to the test sites before October 1990. Are we going to have a further setback?

Dr. MENDEZ. There may be a further setback, yes, sir.

Senator GLENN. Does anyone else want to comment on that?

Admiral ZIMBLE. Senator, I would just say that I think what we need to do is go back and re-evaluate the strategy of the deployment. We have some systems that are pretty well mature and we probably could do a good test and evaluation of those.

But to look at this entire system as a monolith and wait for full maturation of every element of the system before we test it, I think is going to continue to prolong it. So, I think, again it is pretty mature. I am brainstorming, but I would submit that the better plan would be to do the test and evaluation of those things that are mature and to continue the development of those portions of the system which are not.

And the system can be deployed incrementally. It does not have to be deployed as an entire system into a facility.

Senator GLENN. General Miller.

General MILLER. I concur, sir. The elements of lab and patient scheduling and so on, are matured and the software is pretty well developed. I think, as a review group, where we all sit in the fall before we go to milestone three, our consensus would be those are ready for deployment.

But order entry and some of the tieing together that makes it a total system are not ready to be deployed sir.

Senator **Glenn**. Dr. Mendez, the investment in CHCS is pretty large. We are running, what, $1.6 billion?

Dr. **Mendez**. Yes, sir, that is what the projection is for the life cycle of CHCS in fiscal year 1986 constant dollars.

Senator **Glenn**. Okay. And supposedly we are going to get a reduction of more than $2 billion in CHAMPUS costs by the end of fiscal year 1997 once this system is in place. GAO, in reviewing the methodology used to calculate this benefit, found some serious flaws in the assumptions, and I understand you are aware of the problem and are refining your cost-benefit ratios on this.

When can we see the result of that?

Dr. **Mendez**. I believe those results should be available right after the summer, Senator.

Senator **Glenn**. Getting back to some of our questions from a little while ago, we have the Navy out of money now as far as CHAMPUS goes, the Air Force will be out of funds in June; the Army will be out in September.

Now, we have several choices here. One, doctors will just continue to give treatment and wait for payment on their bills until some money becomes available, which may be months and months and months, and that is if the doctors are willing to do that.

Or they are going to insist on the patients paying and then the patients waiting for reimbursement. That is another option. Or they can just refuse care.

The point I am building up to is this is a critical situation for people that have problems out there. When are we going to get the CHAMPUS reprogramming for this year and how much is it going to be for?

Dr. **Mendez**. It is my understanding that the reprogramming action, Senator, will be sent over during this coming week.

Senator **Glenn**. All right. Well, I would put that on the highest priority list you have over there if I was giving any advice, because you are going to have a lot of very, very unhappy people being dealt with unfairly out there until we get this and can act on it.

I will just say in advance, reprogramming actions to cover budgetary misinformation or whatever it was are not popular here at the moment, as you are probably very much aware. And this is going to be a tough sell, even for CHAMPUS.

Dr. **Mendez**. I am aware, sir. As a matter of fact, the three Surgeons General and I have discussed it and we share exactly your same concern.

Senator **Glenn**. Okay.

Admiral **Zimble**. Senator Glenn, if I could just make one comment regarding the providers and their reaction. I could not agree with you more. All of us are working prototypes for catchment area management.

My particular catchment area management prototype is Charleston. We have gone to great efforts over the last 2 years to bring together a plan to bring into that catchment area providers who are willing to not balance bill the patients, who are willing to take percentages of the usual, customary and reasonable payments for CHAMPUS.

They have come together and networked with us. We need to be honest brokers with those people. And now not to be able to live up to our honor, the debts that are being incurred, is unseemly and it makes me look like a deadbeat and I do not like it.

So, it is important, very important, to us that we find a way to appropriately program the moneys necessary to do our job. It is an investment in major savings.

Senator GLENN. We have spent most of our time on CHAMPUS here this morning, but just one additional question on this. Did each of you request more than you finally got for CHAMPUS, and where was it cut? Was it cut at DOD or cut at OMB? General Miller, did you request more than you finally got for CHAMPUS?

General MILLER. Yes, sir, I did.

Senator GLENN. By how much were you cut?

General MILLER. I cannot give you the exact figure, Senator. I will have to go back to our comptroller.

Senator GLENN. Well, was it like 2 percent or 20 percent or half? Just give me a ballpark?

General MILLER. Are you talking for fiscal year 1991, sir?

Senator GLENN. Yes, sir.

General MILLER. Like in the neighborhood of 20 percent, sir.

Senator GLENN. Okay. How about you, Admiral?

Admiral ZIMBLE. I live in the same neighborhood, sir.

Senator GLENN. General Ledford, do you have any figure for that?

General LEDFORD. For 1991 we got basically what we had asked for, sir.

Senator GLENN. You did, okay.

Well, were the cuts at DOD level, Dr. Mendez, do you know?

General MILLER. No, sir, they were at service level. I was first aware as this developed——

Senator GLENN. You were cut before it got to DOD, sir?

General MILLER. Yes, sir. It was cut with knowledge of what the other service CHAMPUS budgets were as well; and initially pretty well funded; it looked like the other services were not to us from information we had. Our money folks became nervous about totally funding if the others were not. It makes those funds liable, as you understand that game, sir.

Senator GLENN. Yes.

Admiral Zimble, you got cut at CNO level, is that correct?

Admiral ZIMBLE. Yes, sir.

Senator GLENN. And General Ledford, you did not get cut? You got basically what you asked for then?

General LEDFORD. Well, we put in a reinvestment strategy, sir, into what we asked for.

Senator GLENN. Well now, I am not sure what the next question should be. [Laughter.]

You are playing little games inside with General Vuono as well as outside games with DOD and OMB. I begin to see the picture, okay. I will not push you too hard on that one at the moment.

Well, I think a serious point to be made, though, is that perhaps manpower and all the things you talk about our people out there being the priority item and how you treat them and quality of life and all these things is sometimes so much rhetoric, because it gets whacked when it comes down to competition with weapons systems. And that would be a comment and not a question.

Back to medical support personnel again. Almost every hearing we have had on this particular subject over several years, we have talked about this. When I go to the hospital out here for a checkup or whatever and I talk to the doctors and people, one of the most irritating problems to them are medical support staffing shortages, and it is nearly all areas of medical care, technical and administrative support.

A doctor out there, well, Admiral Zimble, a Navy captain sitting there writing his report out in longhand. In any modern day doctor's office, I do not have to tell you, those are dictated, copied off someplace, put in the record. It is all taken care of while the doctor goes on with his specialty, which is doctoring.

And that is what the doctors want to do. They are proud of their ability. They want to see more patients, and they could probably double their patient load if they had the support personnel that would take care of all these ancillary duties that doctors do not want to do anyway, like writing up reports, filing them, taking them, and at one time—I do not know what the ratio out here now is, but at one time, at least in one department out there they had 20-some doctors and one corpsman to take care of the administrative problems. So the doctors were all sitting, writing these things out by longhand.

I happen to know about that one from personal experience, but I am sure the same stories apply in the Army and the Air Force also.

We had staff meet with some of those people about a year ago to talk about this specific problem, what could be done, what the ratio should be. I will ask each one of you to comment on this, what is being done, because this is one of the biggest irritants your doctors have and why they just decide, the heck with it, they would rather get out and run a doctor's office on the outside someplace where they can use modern techniques of getting the information into the system.

Admiral Zimble, you start off, please.

Admiral ZIMBLE. Well, Senator, again that irritant was my irritant, as I practiced surgical medicine until 1981. There is no question about that. We have recognized the problem. We are way behind on the power curve. We are working to correct the problem.

Last year we had funds to provide for 197 additional civilian personnel, and we continue to do that each and every year. We added support personnel as a result of a Blue Ribbon Panel Report issued in the Navy.

Senator GLENN. This is for the whole Navy-wide medical system, 197?

Admiral ZIMBLE. We did 160 in 1989, 180 in 1990, 194 in 1991. We expect another 151 in 1992. We are continuing to increment that, but the personnel costs are high. It is amazing how fast the technology tail stays ahead of us and how many more people are needed to support and maintain the logistics infrastructure of a medical department.

We want to correct it. We are working diligently to overcome that problem. It is not a problem that started in the last 2 years. It is a problem that has been ongoing for many years. And I would say that within the last few years we have worked to enhance and correct that.

Some of it will be done with more people. Some of it will be done with automated systems. And I think we can find that both of those are going to provide the necessary support for our people.

Our doctors' morale has improved. The morale of all of our providers is upbeat. The morale of our patients is upbeat. I would submit it is the best way of measuring how we are improving, a far better measure than the number, than to count that the number of complaints has decreased. We are getting good reviews, but we are not well yet. We have to continue.

Senator **Glenn**. Well, I am sure those 160 or 197 people you request, it is true, they are expensive. But it is far more expensive to have to replace doctors, start new people out, and go through all that routine again, and the degraded ability to give good health care in the meantime.

Admiral **Zimble**. Absolutely, I support that. If we are talking quality of life, we have to talk quality of life of our providers. The best way to retain people is to make sure that they are satisfied, professionally gratified with the work they do. That is the number one quality of life issue across the whole spectrum.

Senator **Glenn**. How many medical facilities do you serve across the whole Navy? Do you have any idea?

Admiral **Zimble**. I have 36 hospitals, a little over 200 freestanding medical clinics, about 170 dental clinics—these are rough figures—about six infectious disease——

Senator **Glenn**. I was just wondering how the number of support averages out. It would be well less than one per facility.

Admiral **Zimble**. It does not average out very high. That is why we keep pushing incrementally to get more.

Senator **Glenn**. I do not know whether an incremental push is needed or a major bulldozer assault on that one. I think that might be in order. General Miller.

General **Miller**. Sir, the Congress recognized that factor last year and each of us got $20 million, which in Air Force talk translates into 666 civilian people, just for that reason, not to increase productivity in our interpretation, but to increase retention and satisfaction of physicians.

And we are progressing with that, again frustrated over delays that have to do with civilian hiring freezes and whatnot. We currently have about 20 percent of that satanic number of 666 aboard, but it is progressing, and I do think it will have some impact.

Senator **Glenn**. Are these support personnel you would be hiring—at least the civilian support personnel, part would come from inside, I trust, and part from outside? Do you have a split on additional support personnel? Part would be yeomen and part would be civilian support personnel?

Admiral **Zimble**. These are primarily civilian.

General **Miller**. Yes, sir.

Senator **Glenn**. Okay. Would they be given exemption from the civilian hiring freeze? Are they over and above that?

Admiral ZIMBLE. Some of the new hires are exempted from the hiring freeze. Others we are asking for specific waivers and receiving them.

Senator GLENN. Have you been turned down on any of those waivers?

Admiral ZIMBLE. No, sir.

Senator GLENN. Okay. General, I cut into your comment, what you were saying there. Go ahead.

General MILLER. No, sir, I completed it.

We have experienced delays because of the hiring freeze in getting waivers. That has been a bit frustrating, but it is moving.

Senator GLENN. General Ledford.

General LEDFORD. Sir, I already told Senator Lott that in 1988 and 1989 we had increased our ancillary personnel civilians 549 one year, 496 the next. And then I got some very good news this year, and you helped us a lot and I want to thank you. You were responsible for us getting the Vander Schaaf spaces, and we were authorized 384 spaces this year.

In spite of the hiring freeze, we have filled 326 of them already. And in addition to them, Congress gave us an extra $20 million for fiscal year 1990, which should by the time the year is out give us another 642 personnel. And then the enhancement program that carries over from the previous year would add another 100 or so.

So I am hoping that we can end up this year with an extra 1,129 ancillary personnel, which is a dynamite improvement for us.

Senator GLENN. Have you been held up any on your waiver requests?

General LEDFORD. No, sir. We were given marvelous support from the Secretary of the Army on that and from DOD.

Senator GLENN. This question is to all of you. GAO recently testified about very serious problems of access to medical care for overseas military personnel and their families. It seems that the major problem here continues to be shortage of medical staff assigned to overseas locations, not just physicians, nurses, but equipment, X-ray, labs, and so on, corpsmen, medics, administrative and clerical staff.

Unlike in the U.S., where CHAMPUS is available, our people stationed overseas probably will not get the needed medical care if they are unable to be treated within the military medical system most of the time. There would be some exceptions to that, of course, but that would be the general pattern.

GAO has said that the anticipated troop withdrawals from overseas locations provides an opportunity to partially solve the problem if the number of medical personnel withdrawn is proportionally less than the other types of personnel, thereby improving the ratio between patients and providers.

Are you planning it that way, or do you have any plan to address these problems in some other way?

Dr. MENDEZ. We were in attendance at the time GAO reported on those findings, Senator Glenn, and all four of us were in agreement with the GAO findings, including the suggestion of maintaining the numbers intact so that we can effectuate a correction of the problem by doing some in-place retention of individuals.

So I think I can speak certainly for the four of us in terms of our reaction to the GAO report.

Senator GLENN. Anyone else have any comment on that? Admiral Zimble, you have a unique situation aboard ship and dependents back here and so on. Is this less of a problem for you or more?

Admiral ZIMBLE. Well, I think it is a problem for all of us. We have overseas facilities at Naples, Subic Bay in the Philippines, Okinawa, Japan, Rota, Spain. We set as our first priority trying to man appropriately those overseas bases.

We have problems. We are frustrated by making sure that we have humane CONUS/out-CONUS rotations for those providers. We have a demand which is again difficult sometimes to plan for because there are non-sponsored dependents who come, and we will not turn anyone away for care.

So we place a high priority on those overseas facilities. We do have to man shipboard. We frequently lose a lot of efficiencies when we put surgeons and anesthetists on major ships. But we are forced to have those deficiencies in effectiveness because it is essential that we have those specialists aboard.

So yes, we do have a somewhat unique problem.

Senator GLENN. Okay. General Miller, how about you? Is this a way of taking care of some of your overseas problem?

General MILLER. Yes, sir, and some other problems as well. We continue to negotiate with our respective services as to the wisdom of not taking a proportionate cut as far as reductions are concerned.

Senator GLENN. General Ledford.

General LEDFORD. Exactly the same, sir.

Senator GLENN. Okay. Dr. Mendez, on the CRI. We mentioned that earlier and I did not follow up with questions on that. It was authorized by Congress and DOD began a demonstration project, the CRI, CHAMPUS reform initiative, in August 1988 in an effort to control CHAMPUS costs and provide better care.

The initial phase of the demonstration was limited to California and Hawaii. Would you please briefly describe for us the concept of CRI and how the demonstration project is working in California and Hawaii?

Dr. MENDEZ. All right, sir. Basically, the concept is to be able to emplace in a managerial way an advantageous contract which places at risk not only the medical care services, but the individual contractor, in this case on a fixed price basis, to be able to deliver health care in a very open, accessible way. To do it with an assurance for quality and to do so in a network which will ensure we get it at lesser cost than we would project other modes of care, such as classical CHAMPUS.

The program has done well in Hawaii and in California. We have had an instrument of evaluation from the patients in terms of how satisfied they are with the program and the satisfaction has been quite significant. I listened to that very strongly being that it was different than what we were hearing elsewhere.

We initially had difficulty with the program in two senses. One was a thought about how prudent the program was in terms of the fiscal ability and responsibility of the contractor, namely whether he would be able to proceed in terms of money. And the second reservation initially was in terms of the rhythm of the claims processing and the quantity of claims paid.

I think that now we are significantly more comfortable with those two aspects of it than we were. The RAND Corporation did a study on the results quite recently and, although that study covered a fairly short period of time, it showed that the incremental cost curve for CRI was significantly below what would have been expected for classical CHAMPUS in that area. There was a difference of 4.5 percent cost growth in terms of the CRI versus 22 percent increase which would have been the expected curve in that area without CRI.

In general, sir, I believe that CRI is a laudable initiative and I see no reason at this point in time not to give it a very definite support.

Senator GLENN. When you had a problem with the initial contractor, which was Foundation Health Corporation, they had severe administrative problems, as I understand it, involving claims processing and financial management, that nearly resulted in the termination of the CRI demonstration. The company was on the verge of bankruptcy and the State of California had issued a cease and desist order because of the company's liquidity problems.

There were major problems. They were not in compliance. Merrill Lynch, as I understand it, came in and rescued them by taking some financial position with the company.

This is not a very good picture for a start for something that was supposed to expand across the whole DOD. What kind of role did Merrill Lynch perform? What is your assessment of this, and I guess the bottom line question is, you are going to try and expand this into a demonstration in three new States, Arizona, Nevada, and New Mexico. How are we going to make sure the same thing does not happen all over again?

Dr. MENDEZ. All right, sir.

Senator GLENN. That is a big order for you there, several questions in one.

Dr. MENDEZ. I understand that Merrill Lynch always had part financial ownership of CRI. My understanding is that they increased their holdings in Foundation Health Corporation. We had occasion fairly recently to ask the firm about their support role in terms of continuance. Their answer was positive.

The basic problems that you allude to, which I addressed in my statement, I believe have essentially been negated at this point and the company is in significantly better shape and that the results that we are seeing have been positive.

In terms of expansion, the last portion of your question, the position on expansion, for instance from the GAO, is a position of remaining on hold until there is more information than just the period of time that has been covered by the initial evaluation of RAND Corporation. I would only temper that to state that if we were to expand, we need basically a period of time to be able to ~~gear up,~~ Senator Glenn—probably around a 6-month period, so that any possibility of expansion would necessitate of course the justification of the company, the evaluation of that justification, and the recommendations to that effect, and third, the realization that there is a period of time, even if you were to begin today, that is measured in months until the time that you can actually emplace the system and create the network elsewhere.

Senator GLENN. Now, 6 months. Then would we expect to make a decision on whether to expand or not before the end of the year?

Dr. MENDEZ. Yes, sir.

Senator GLENN. Okay. As you said, GAO did indicate that a decision regarding the expansion should be delayed until there is more convincing evidence that CRI is saving money. That is a very key criterion for evaluating its success. Estimates thus far indicate that, while CHAMPUS costs are apparently being contained in California and Hawaii, it is not possible to link this directly to CRI. Even studies commissioned by DOD contain strong caveats and suggest the need for further evaluation.

You feel you can get all that information together within the 6-month period and make a decision by the end of the year?

Dr. MENDEZ. Yes, I believe it can be done, yes.

Senator GLENN. I would ask the service medical chiefs to comment on this. General Miller, what are your views on how CRI is working? Do you have any definitive evidence that CRI is helping you contain overall medical costs in California and Hawaii?

General MILLER. I would inject a note of caution. I am familiar with the RAND report and GAO report. I am just not totally convinced, sir, as is Dr. Mendez, that we are ready to proliferate yet. I think it needs further study and further experience.

Senator GLENN. Admiral Zimble.

Admiral ZIMBLE. I concur. I think the concept is excellent. It is a way of trying to manage care. The enrollment is the right way to go. The networking is the right thing to do.

But we found that we had an additional plus-up in the CRI this year when we changed the Navy share of the fixed price contract. That was in February. That went up another $27.1 million. We still think that the concept of managed care is right.

We would prefer to have that managed care being directed by the commanding officer of the treatment facility and have it done in the local catchment, more regional than the CRI. But CRI as far as the patients are concerned that are using it, they find it satisfactory. They are happy to have it. And my commanding officers of the hospitals are into resource sharing with the contractor and consider this to be a boon to the way they do business.

Again, we are trying to find better value for a dollar spent, and I think CRI is one approach to that.

Senator GLENN. General Ledford.

General LEDFORD. Sir, I have discussed this with our medical center commanders at Letterman Army Medical Center in San Francisco and the commanding general at Tripler, Hawaii, and both of them seem to be pleased with the program, especially in Hawaii. But I would echo my colleagues' comments.

Senator GLENN. How would each of you compare the CRI with the CAM system, the catchment area management system? I think these should be evaluated in tandem between CRI and CAMS, if it can be, if that is possible to do. And would you comment on which system you think you would prefer?

And let me say this in advance. The reason I raise these questions about these projects, we are talking about a substantial amount of money. The current contract is for $3 billion through January 1993. So if we are going to make any decisions on cost-benefit ratios from one system to another, we have to make them now. We cannot wait until the end of the year. We should be doing it in this year's budget.

Let us start in reverse order. General Ledford, would you address CAMS versus CRI? And then I will turn to Senator Exon.

General LEDFORD. I am very optimistic about the CAM program. We have two of them, we just started up a year ago, one at Fort Sill and the other at Fort Carson, Colorado. The one at Fort Sill looks like it is going to save about $1½ million this year, and the one at Fort Carson about $1 million. Those are not huge savings, but it is a start, and we are very optimistic.

I see that both of these programs could exist. They do not have to be mutually exclusive.

Senator GLENN. You could run them together?

General LEDFORD. Yes, you could.

Simplistically speaking, the CRI kind of program could work outside of catchment areas, for example. And I am sure there are other innovative ways that they could be coordinated.

Senator GLENN. Admiral Zimble, how do you see them, comparative, or both of them, or what do you recommend?

Admiral ZIMBLE. Right now I think both ought to be continued. We have a referee, a common referee. RAND Corporation is looking at catchment area management and also assessing CRI, and I think the fact that we have used the same referee ought to be able to give us a very honest broker answer as to what the pros and cons are of each.

I am very optimistic that the CAMS project ought to be prototypical for the way the military does business. As I said earlier, it allows the commanding officer to become much more far-sighted in his ability to handle all people within the catchment area by having greater flexibility in the way he uses his resources.

So, I think catchment area is the way to go, and I anticipate that we will get a thumbs-up from RAND.

Senator GLENN. But you would recommend, like General Ledford, you may want to continue with both?

Admiral ZIMBLE. There are lots of areas where we have significant populations that are not within a catchment area. There needs to be a way of coordinating the care that occurs in those areas as well. We need to look toward enrollment so we can define the population and not be surprised by the ghosts and enrolled populations can be budgeted for.

Senator GLENN. Your answer then would be you would go with both?

Admiral ZIMBLE. Yes, sir.

Senator GLENN. Okay. General Miller.

General MILLER. Sir, we would like managed care in our catchment areas. I do not want to proliferate CRI into the Phoenix area until we have had a chance to demonstrate what we can do there. I think there is a place for both. I certainly would point that out, if we cannot manage better, something is terribly wrong because we do not have to show a profit and I think CRI folks do, Senator.

Senator **Glenn**. Dr. Mendez, do you think it is probably going to wind up with both systems going ahead?

Dr. **Mendez**. Yes, for perhaps slightly different reasons than have been stated, Senator. Yes, I believe that both—first of all, they can proceed in tandem. Even when I proposed to you the way that I envision the whole system is in a coordinated care mode, indeed CRI is an example of managed care.

It is important to realize that the CAMS, the catchment area management programs, have basically just started, while CRI has been in place about 1½ years. All of the data we have to the present time tells me that it is working. I do not see a reason for deletion of that at this point. I think that the CAMS can go on at the same time and that the proposal or the thought that has to do with coordinated care basically can have marriages of those two and certainly CRI is not inimical to it.

Senator **Glenn**. Senator Exon.

Senator **Exon**. Mr. Chairman, thank you very much.

Dr. Mendez and gentlemen, welcome. We are taking up a very important matter. We are back into this whole health care problem that plagues not only the military, but the civilian side of health care in general, and I suspect that in the 1990s one of the key problems that we are going to have to address domestically is this whole health care problem.

But thanks for being here this morning to answer our questions.

Dr. Mendez, let me start out by referencing on page 2, wherein you say: "In contrast to virtually all civilian health care plans, in which the cost-sharing by beneficiaries has doubled or even tripled since 1985, none of the increased costs of the health care service of either the CHAMPUS or the military hospitals has been passed on to the beneficiaries. Health care benefits for all categories of DOD beneficiaries have been unchanged."

That is another way of saying that one of the benefits of both in-service people and retired people is that they have had this additional benefit that has not been available to people in the private sector, is that correct?

Dr. **Mendez**. That is correct, sir.

Senator **Exon**. I think it is important that we drive that home. That does not solve the problem, but it does indicate that we are doing the best job that we can to take care of our people in the military and those who serve the country and still have some problems.

I was curious about another statement that you made. "First and foremost," you say, "is an increase in volume and demand for care." Is there a reason for that?

Dr. **Mendez**. It is very difficult to state a reason. Other places besides us see the demand for care. I believe, Senator, that as we have increased accessibility, as we have made the systems more attractive, as we have gone into fixing, if you will, some of the negative things of both systems, both in the CHAMPUS side as well as on the medical treatment facilities side, which has caused the demand on both sides of the picture; and therefore the model does not behave in an up and down type of thing, but indeed demand can increase in both at one time.

We have proven that this past year, and I believe that the figures for the first quarter of this year show you basically the same thing, although they have not been annualized as yet.

Senator EXON. Just to branch off a little bit, as a practicing physician of high merit for a long, long time, one of the things that puzzles us most, I guess, when we are dealing with not just the military health care delivery problems and necessities that we have in that area, but also in the civilian area: In your opinion, why is it that health care cost increases are far, far above inflationary increases?

It is a variety of reasons. Can you state some of the reasons that you feel these costs continue to escalate? I mean, I know that more advances in medicine obviously with new techniques, that drives up the costs. We all want it, but nobody wants to pay for it.

I suspect part of it also is the fact that people are living longer and therefore that contributes to it. Those are two obvious ones.

Are there others that we should be looking at, and can you address that?

Dr. MENDEZ. Let me expand on those two reasons and then perhaps look at others. First of all, the cost of technology is a very real thing, Senator. I have been practicing medicine since 1954. That is a significant length of time, and I have seen a tremendous increase in technology in just the years that I have been associated with medicine.

Technology is wanted by two groups of people. Technology is wanted by the patient for obvious reasons, in terms of either his longevity or his wellbeing; but it is also wanted by the provider. The provider wants technology in order to be more precise, more accurate, and so on, in scientific medicine, the base of which is called an etiologic diagnosis or a diagnosis as to why this is happening.

I believe the thrust of technology is at the base of many of the actions that we are talking about. You are talking about technology of transplantation, the cost of which is between $100,000 and $200,000 for certain organs, and technology that goes into imaging, the cost of equipment and the cost of the total procedure is significant, and technology for instance in the use of lithotryptors in order to break up stones that we would not have to remove surgically, in which there is a significant cost for the machine, but also a significant cost of being able to do the procedure.

So, technology has indeed a great deal to do with the matter of costs. We have been successful in putting research and development moneys into creating these new technologies and then applying these technologies to this.

Number two, the aging of the population is a real fact. The consumption of medical care by people in the older age group is greater than people in the younger age group, and just for that mere reason, to which there are a lot of corollaries, you will get an increase of costs.

There has been also in a rather litigious type of society cost increases in the cost to the providers that have to do with malpractice insurance, the cost that occurs because it is passed on to the patient.

The cost of operating hospitals has increased significantly, particularly on the personnel side.

There has been another thing that has increased, I believe, some of what has happened, both on the inpatient and the outpatient side. If you go to a hospital now and you compare it to 20 years ago, you notice that people are sicker. The reason they are sicker is that the mix of the patients in a hospital is not as broad as it used to be because of the shifts to ambulatory care.

The shift into ambulatory care in an effort at cost containment then brings a reality forward, that people who do get hospitalized are hospitalized for a more significant medical reason than before, and for that reason they are sicker. So, those people require more of a resource base during the time in the hospital.

The second thing on the ambulatory side is that the ancient tableau of medicine, which was the one to one encounter between physician and patient in an effort to arrive at a diagnosis and treatment, has now become significantly more complex by adding to it a procedural type of behavior in ambulatory care that was not there before.

Senator **Exon**. You mean a whole bunch of tests, some of which may be necessary and some of which may be not?

Dr. **Mendez**. Not only the test itself. For instance, we are doing things now such as dilation and curettage in our gynecological patients as outpatient procedures. We do arthroscopies as outpatient procedures. We do endoscopy as an outpatient procedure. We have 1-day surgery, et cetera.

So, the cost of a single visit for an ambulatory care now has a more complex definition and an increased cost, and this is why you are seeing not only lesser hospitalizations, but still an increase in cost and an increase in costs on the ambulatory side. The nature of what is done now on the ambulatory side has indeed changed.

I could conceivably keep talking, but I really do not want to burden you.

Senator **Exon**. You are not burdening me at all. You are trying to educate me.

Dr. **Mendez**. The other thing that happens, Senator, has to do with the expectations and the behavior of people. It is a reality that as we think of seeking the best that we can seek for ourselves and for our families, that the education of the patient in terms of the tempering of this reality becomes very, very important.

I think we should spend significant time in being able to do that. There has been no definition, if you will, as to what are ceilings of care. Those are very difficult questions. They are not purely medical, as you know, but nevertheless questions that have to be wrestled with.

Also, the dichotomy that has ensued is that as this technology has increased, it is continuously bubbling and continuously being applied, all of our regulatory phenomena have been basically regulatory phenomena of cost containment.

So that these two things become dichotomous. They clash in the middle continuously, and just a series of corollaries flow out of that in terms of the stress on medicine, and some of that is felt very, very significantly by the patient and we must be aware of that.

Senator EXON. What about the pricing structures on medicine? I have heard some recent horror stories with regard to drugs, with regard to drugs that are purchased under contract or large buys by the military or the Government. You know, one pill for example that some pharmacists were telling me about last week, that the Government might buy for 14 cents, could cost them $2 or $3.

What is your overall attitude to drug prices? Certainly the drug companies have to be rewarded for the research and development they do on some of these miracle drugs. Is there some type of an investigation maybe that should be launched more than we have done in the past with regard to what is charged for drugs in certain areas?

Dr. MENDEZ. Perhaps I am less knowledgeable than I should be about the charges in all areas in terms of drugs. There are certainly differences in different areas, depending on how much is bought, what the price the individual can get between generic drugs and non-generic drugs, and so on and so forth.

But if you will allow me, I would rather just look at that in terms of our department and reply to you in a more knowledgeable way than I could right now.

Senator EXON. If you could submit that for the record.

Dr. MENDEZ. I would be most happy to, sir.

[The information follows:]

The Department of Defense (DOD) receives most favorable pricing from manufacturers and vendors of pharmaceuticals. This is due to centralized contracting, requirements consolidation and the resultant volume discounts. The DOD, Department of Veterans' Affairs (VA), and Public Health Service (PHS) participate in a Federal Shared Procurement Program for medical items. The DOD and VA started the program in 1978, and PHS joined in 1984. Today, 681 contracts worth nearly $800 million are in force. When compared to commercial pricing using decentralized contracts, cumulative cost savings for the Shared Procurement Program from 1978 to 1989 exceed $350 million.

DOD also realizes savings by buying generic items rather than brand name whenever possible. This policy fosters more intensive competition which generates larger discounts. The Shared Procurement Program is backed by clinical input from the Defense Medical Standardization Board and the Food and Drug Administration (FDA) provides contract compliance quality assurance.

In addition to the Shared Procurement Program, Federal Supply Schedules (FSS) also provide most favorable rates to DOD. The VA negotiates medical FSS for use by all Federal agencies. FSS may be used for medical items not specifically addressed by shared procurement or direct depot stockage programs. These pre-negotiated schedules establish set prices for orders placed by even our smallest medical treatment facilities.

We continue to seek smarter and more efficient methods of procurement. Our goal is to provide quality medical care in the most cost effective manner.

Senator EXON. Because certainly the drug cost increases have gone up as much or more than general health care, is that right?

Dr. MENDEZ. The drug increases, we have felt those also in the department and they are significant, yes, sir.

Senator EXON. Let me get back to one other strictly military matter. As we look to the reduction in our force structure, there are those of us who feel that maybe the Active forces are not looking far enough ahead as they should with regard to the national security interests of the United States. And there are some of us who feel that the Guard and the Reserve, rather than being cut today, maybe the Guard and the Reserve should be increased in total expenditures, from the standpoint we want them back there when and if we need them in an emergency.

Following along with that theory, right or wrong—I happen to think it is right—have we been doing enough to build up with incentives for nurses, doctors, and other health care professionals, whether an education system, whether keeping them in the Guard and the Reserve? Have we done enough in that area?

I guess the major concern that I have, not only with taking care of the people that we have there today—and I think that you have been trying and have been making some improvement in that area, which your testimony certainly indicates. I guess it is, if we are going to build up our Reserves, should we not then be looking to doing more than we have done that far in the professional health care delivery people, having them there available that we can pluck in case we need them in the Guard and the Reserve?

Dr. **Mendez**. Yes, sir. I think that those things that have been done are coming to fruition. Those numbers have improved. They have improved in medicine, they have improved in nursing and other health care professionals.

But indeed, I have, first of all, no objection and on the contrary I believe that we should continue to look very strongly at the benefits of those individuals in terms of not only the educational package, but also the actual reward mechanism, the totality of the incentives to them.

Senator **Exon**. We would be interested in knowing any specifics that you might suggest in that area.

My last question then has to do, Mr. Chairman, with this whole matter of the proposition between the veterans facilities and the active facilities hospitals and health care delivery system. It seems to me very obvious that over the past few years we have tightened up, I think incorrectly, but we have tightened up dramatically, to the point where practically no serviceman can get into a veterans facility hospital unless that was a service-connected disability.

It did not used to be that way. I do not remember when it changed, but I do know that it is very difficult to impossible to get into a veterans' facility today unless you go in there with a direct connection to your service time.

Has the fact that we have restricted very much who can go into a veterans' facility, has that not had an adverse impact on the costs of people going to—your retirees coming back to the naval hospital, for example, for more and more care?

Dr. **Mendez**. Certainly retirees have felt very positive about the care within the military facilities. I think they are probably some of our most loyal patients. Indeed, I believe that some of these retirees who are unable to get care at the VA facility will indeed get it in-house in the active duty hospitals.

We have, particularly in the last few years, gone at more sharing type of modes with the VA in a whole host of ways in order to try and improve care for the totality of the group, both in our hospitals and as well as in VA hospitals, and to try and make a cost effective mode for that to happen in.

Senator **Exon**. Just an editorial comment. As we try and build up our Reserves and Guards in this particular area, as I think we should be doing, in other areas as well, has there ever been any thought given to the fact that especially someone who receives a major part of their educational cost would then go into the Guard and Reserve if they could be out in the private sector practicing their healing talents, but maybe be called in one day a week or one day a month to do duty in some of our hospitals?

Are we doing anything like that?

Dr. **Mendez**. Yes, sir. Perhaps the Surgeons General can address it even more specifically.

Admiral **Zimble**. Last year, Senator Exon, we utilized the Reserves in what we call mutual support initiatives. We utilized about 288,000 full-time equivalent days. We really could not see as much that we have brought back into our facilities without utilizing Selected Reserve, and we use them in various ways. A lot of flexibility.

We have a same-day surgical program at Oakland Naval Hospital that we initiated about 6 months ago, where patients come in on Saturday. They are treated by Reserves in our operating rooms, using our active duty resident staff to provide the cases, to do the surgery, but all the support is coming from the Reserve element.

It is mutually supportive in that we give good training to those providers, especially the corpsmen who may not practice medicine in the civilian sector. We like it and we will continue it.

Senator **Exon**. Do the Army and the Air Force have similar programs?

General **Miller**. Yes, sir, very similar programs in the Air Force. I might tell you that we have had a bit of a—back to your VA question, we have cost avoided about $3 billion last year in VA cost sharing. We have other initiatives on the books.

General **Ledford**. Clearly, sir, the Army gets a great deal of service from our Reserve and National Guard people, not just here in the United States, sir, but also overseas. And this kind of training overseas has been extraordinarily popular with our Reserve component people and I think it is a very good retention mechanism and a very good inducement for good people to come in the Reserve components.

Senator **Exon**. Are you saying that it might be possible, if we could expand that a little bit further, to help us out?

General **Ledford**. Surely, sir.

Senator **Exon**. Thank you, Mr. Chairman.

Senator **Glenn**. Thank you, Senator Exon.

In a couple of your opening statements it was pointed out—and I believe, Dr. Mendez, you referred to this also—that some of you noted that the CHAMPUS deductible has not changed since 1966 and that contributes to increased utilization.

And that obviously leads to the question: Are you implying in your remarks that this is something you are considering for change, upping the amount that the individual service member would have to contribute under CHAMPUS?

Dr. **Mendez**. No, sir, the implication was not intended. To me it is just a reality—I know full well that the benefit package is continuously looked at. I believe, however, that any change to that package should be second to the managerial initiatives which go on with coordinated care, CRI, and so on, to be able to establish a base that makes cost savings without changes to the benefit package.

Further, Senator, it is my belief that at a time when we are decrementing the force, there is a decrease in numbers going toward a retrenchment, that we should not, in my judgment, change any benefit package for our Active duty and their dependents. I believe that very much indeed.

Senator GLENN. Okay, so you do not have any studies or anything under way that would indicate that you might want to go to——

Dr. MENDEZ. I do not have a recommendation for you at this point at all, sir.

Senator GLENN. Okay. Mental health care represents more than 27 percent of CHAMPUS costs. Indications are that the CHAMPUS reform initiative is having a positive impact on controlling expenditures for this type of care in California and Hawaii, primarily through utilization review.

What has been the impact on the quality and quantity of patient care in mental health care facilities in California and Hawaii achieved through that review process?

Dr. MENDEZ. The greatest amount of savings that was evaluated by RAND in the CRI mode occurred specifically in mental health care. That was in terms of the mode. Some of the providers, however, have not been satisfied and we have heard from some providers in terms of dissatisfaction about that particular mode of care and payment for mental health under CRI.

We are concerned, Senator, as we look specifically at the pediatric and adolescent age groups in terms of hospitalization and residential facilities for mental health care. I have asked specifically that we look at that together with the services as to those costs and the hospitalization experience for the last couple of years.

I believe it is necessary to do that, not only in terms of costs but in terms of the total picture as far as how much of that need can be provided in a non-hospitalization type of mode.

Senator GLENN. Well, on residential treatment, are the CRI criteria for approval of that kind of treatment, are they in keeping with recognized national standards, for length of stay, treatment philosophy, and that sort of thing?

Dr. MENDEZ. I cannot answer your question exactly for CRI. In general, I think the number of days is up to about 60 days.

Senator GLENN. Do any of the rest of you know the answer to that? Are you familiar with the national standards and does CRI comply with those?

Admiral ZIMBLE. The national standards are much lower in terms of length than CHAMPUS. The utilization review initiative of CRI will help reduce that to the national standards. I think the utilization review initiative of CRI is directed to restoring the out of control utilization of CHAMPUS.

Senator GLENN. Are the standards for the utilization review clear? Because that is a point where that could be a great misuse of the system. That could be one where you really try and save money and do some things in the utilization review process where there is still a need, or vice versa.

Do you have very clear standards there for what the utilization review will do?

Admiral ZIMBLE. Sir, we are using a good, competent panel to review the cases and to ascertain the appropriateness of residential treatment. Residential treatment is where our costs are really skyrocketing. Why should it be that CHAMPUS residential treatment is three times the length of the national average? We need to reduce that, and the only way to reduce it is to empanel the experts who can review the cases and determine appropriate care.

Senator GLENN. Dr. Mendez, is that program pretty well in place? Are there changes coming up? What are future plans under CRI for the mental health care area?

Dr. MENDEZ. Certainly under CRI that program is in place in terms of review. In terms of CHAMPUS, sir, we have already brought into our office at Defense some of the consultants to start looking at the problem and see how differently we should approach it in terms of either pre-hospitalization review of whether the ceilings for the length of hospitalization should be different and why there is a difference between some of the other civilian modes and that which occurs in CHAMPUS.

So that is being looked at right now, Senator Glenn.

Senator GLENN. I have a couple other questions I want to go through that are not very long, but I just want to telegraph a punch in advance here, that before we wrap this up I want to ask for your suggestions on what would make your job easier and what kind of support you are looking for from us that I have not even brought up here this morning. So just be aware that I will ask that as the last question here this morning.

Dr. Mendez, in April 1990 GAO issued a report discussing the effect of AIDS in the military. Basically, they felt the military has done a pretty good job in assessing and monitoring the prevalence of HIV infection among the military personnel.

They did, however, express some concern about the educational component of the DOD program and the future effect of HIV-AIDS on military hospitals. It is going to be a hard one. It is going to be very tough, and the report cites an Army estimate that the cost of treating HIV-AIDS patients over the next 10-year period could reach as much as $3 billion.

So it is not going to be cheap. GAO recommended that DOD: one, modify its HIV education program to focus on high-risk behaviors associated with HIV transmission; and two, develop financial, staffing, and facility resource plans for handling the projected increases in demand for hospital care, prescription drugs, and chronic care services.

What action has been taken or is planned to address the concerns, legitimate concerns I feel, addressed by the GAO and to implement its recommendation? This is something that obviously requires a multi-year plan. It is not something we should deal with just in a year by year budget up and down situation. It is going to require addressing it on a long-term basis.

Dr. MENDEZ. I believe that does require a long-term plan. We have indeed addressed it. We have gone with a letter to the Surgeons General specifically on the education piece, which was the major piece that GAO spoke about.

In my experience, the educational part is also most important, and I am not in any disagreement as far as making that piece of the whole AIDS picture a significantly strong one. I do not disagree with the recommendation of the GAO.

Senator **GLENN**. Is this going to be expensive enough that you are going to have a separate budget item for it?

Dr. **MENDEZ**. I do not know as yet, sir. We could conceivably, although I recollect that, at least on the inpatient side of the house, that program is sort of a continuous thing from our total expenditures. We take care of the patients on the same need basis as other patients, too.

Senator **GLENN**. You service chiefs, you talk to each other all the time. Are there different problems you face in the respective services or are pretty much your problems with AIDS all the same across the board? General Miller.

General **MILLER**. It is essentially the same, sir. We are proud that statistically we have a little less in the Air Force, but it is essentially the same.

There are ongoing educational efforts. We are making progress. The Uniformed Services University is working an interactive video that will be on the streets a little later on. Pre-accessions testing is paying off as far as the number of cases we find that we have to treat. And there is no question, the incidence in Active duty is down, Senator.

Senator **GLENN**. Very good.

Admiral **ZIMBLE**. I would say basically the same. We are working the educational initiatives and, again, we work with the Uniformed Services University to develop an interactive video which we think would be extremely helpful.

But beyond that, we have in the military the largest immunological base in the world, and we can look at our prevalence rates. We have done total, universal testing at least twice, in addition to accessions testing. So, we have a better idea than most, about what the threat is within our population.

Right now it is not a major impact on our hospitals, but we can certainly project where it could become that. We have a new methodology now for prophylaxis for AIDS, for HIV positive individuals. We are now looking at a new standard. That new standard means that we provide the drug AZT on a more frequent basis, and I have now articulated that for the remainder of this year, I am going to need to place about an additional $4 million toward the prophylaxis for this new community within the people we serve.

So yes, we see it as a budget item that is going to be burgeoning and one that we do need to be proactive with.

Senator **GLENN**. But so far you are able to absorb the costs?

Admiral **ZIMBLE**. Yes, sir.

Senator **GLENN**. Okay. General Ledford.

General **LEDFORD**. Senator Glenn, the costs can be great, though. We estimate that the cost of treating the average AIDS patient will be about $250,000 in today's dollars. So, this has the potential of being a very large problem for us.

Senator **GLENN**. Interesting figure. Now, that will be what, from the time they are diagnosed until they pass away?

General **LEDFORD**. Yes, sir.

Senator **GLENN**. And it would be an additional cost of about $250,000 per patient?

General **Ledford**. That is what our chief of AIDS research has estimated.

Senator **Glenn**. This is hospitalization? They take care of them in-service?

General **Ledford**. Hospitalization and the cost of the AZT and the cost of the tests that are done, yes, sir.

I can give you some good news and reflect what my colleagues have told you. I think our educational programs are perhaps the best in the Nation. Surely our screening program is the model for the Nation without any question. And our incidence—the incidence is the number of new cases per year—has gone down dramatically in the Army in the last several years. It has been cut in half, and I think that is because of education and because we have a good screening program.

Senator **Glenn**. What do you do when people turn up with AIDS in the military? And I really do not know the answer to this. I should have looked into this before, I guess. But what do you do if a person turns up? Do you have certain hospitals designated as treatment points or hospitalization points, isolation points or whatever?

How do you take care of this? Do the services do this all together DOD-wide, or does each service do this individually?

General **Ledford**. I think we all handle it very much the same. Each of us, in our medical centers, evaluate these patients. If they are found to be HIV-positive, we assess them and determine at what stage of the disease they are in.

And again, the military services are the ones that have led the world in staging AIDS. The Walter Reed staging system is the one that is used, not just in the military but in the entire world.

And so we determine at what stage the patient is in the disease, and in the very, very early stages of the disease the patient is infected with the virus but is essentially well. He has no decrement in performance whatever, no physical problems at all. All he has is a positive laboratory test and the virus growing within his body. And this may go on, this period of relative health may go on, for 8, 9, or 10 years.

And so, what the military services do is in the very early stages, we indeed keep the soldiers and airmen on Active duty. Now, in the Army we do restrict their duties to some degree. We do not put them in a deployable situation. We do not assign them to a rapid reinforcement kind of unit. We would not assign them to the Special Operations Command or something like that, and they are not assigned overseas.

But they can perform normal duties until they reach Walter Reed Stage 3, at which time we normally would do a medical reevaluation and a medical board on them.

Senator **Glenn**. When someone with HIV is transferred, that goes as part of their medical record? Their new CO is aware of that, I presume, when that occurs?

General **Ledford**. We try to protect their confidentiality as much as we can, sir.

Senator **Glenn**. Would a new CO know that someone with HIV-AIDS positive just came into his platoon?

General **Ledford**. I would say it would be very difficult for him not to know, yes, sir. No matter how hard you try to preserve confidentiality, generally the patient himself will release the information.

Senator **Glenn**. Once it progresses, though, beyond that, to the point where they are beginning to have some real problems and it is interfering with the job, do you have one particular point in the Army then that you transfer them to for treatment and taking care of them at that point, or what?

General **Ledford**. Well, sir, each of our medical centers can perform this role.

Senator **Glenn**. Okay, so you would leave them at one. How many major medical centers then do you have?

General **Ledford**. We have eight centers.

Senator **Glenn**. Eight centers, okay.

General **Ledford**. Yes, sir.

Senator **Glenn**. And if a person then was out in a unit someplace, at that point they would be transferred to one of those eight centers?

General **Ledford**. Only under certain circumstances, sir.

Senator **Glenn**. Well, do you keep them, even though they are in terminal status, do you keep them until they die?

General **Ledford**. No, sir. We might end up treating the patient until he dies, but patients who become physically disabled and begin to get the clinical disease are unfit for military service. They are treated like anyone else with a terminal disease.

They receive a medical board. They are separated, they are medically retired from the service. They are, of course, like anyone else who is medically retired, eligible for care for the rest of their life within our facilities. And about 60 percent of them do get their care, at least so far, about 60 percent have been getting their care in our facilities. About 40 percent get their care in the VA or in other facilities.

Senator **Glenn**. So you would keep 60 percent then through the terminal phase?

General **Ledford**. That is about what it has been so far, sir.

Senator **Glenn**. And VA would be charged with doing the other, taking the other 40 percent?

General **Ledford**. That is the approximate breakout, yes.

Senator **Glenn**. Admiral Zimble, would your situation in the Navy be basically the same as that, and how do you take care of them?

Admiral **Zimble**. I am not so sure of our percentages, sir. We follow up all of our HIV positive patients, and these are asymptomatic patients who have been diagnosed as having the virus, at one of our major treatment centers. We have four, two on each coast.

When they develop AIDS, and have moved in the progression to the disease, then we will medically discharge or sever their connection with the military, but we do it in a very humane way because we do provide them with all the benefits of retirement.

Then we will follow them in our facilities, if the disease problem is appropriate. If it is an acute episode, then it should come to an acute care hospital. If it is chronic nursing care that they need, we do not have the capability to provide that and that is relegated to the VA. That is their role.

So we follow and maintain them, we give them all their rights as medically retired individuals.

Senator GLENN. When you say you retire them with benefits, that would be if they have served enough years to have benefits?

Admiral ZIMBLE. Oh, no.

Senator GLENN. You would not give them benefits just because they had AIDS, do you?

Admiral ZIMBLE. Yes, sir.

Senator GLENN. You do?

Admiral ZIMBLE. If we medically retire for any condition.

Senator GLENN. Yes, okay, and it would be handled just like any other medical out.

Admiral ZIMBLE. They are handled like any other.

Senator GLENN. Okay.

Admiral ZIMBLE. We stick with the medical aspects.

Senator GLENN. I thought you were treating this one completely different.

Admiral ZIMBLE. No, sir.

Senator GLENN. General Miller, are you taking care of them about the same way?

General MILLER. Essentially the same, we send them all to Wilford Hall, sir. Determining where a lot of them get their terminal care is, where is home and where is the support system, and whether they choose the military facility or a VA.

Senator GLENN. How are your programs on preventive health care, not just AIDS I am talking about, but general preventive health care, healthier lifestyle, so on, physical fitness, stress management, nutrition, smoking, hypertension, alcohol, drug abuse, all of those things? How are those programs working now?

What role do you see the health promotion playing in these programs?

Dr. MENDEZ. I believe the health promotion programs are working well, Senator. We have a DOD health promotion coordinating committee that is chaired by OSD(HA) and it has service representatives, both medical and line. This meets quarterly. It serves as a forum for the coordination of programs such as you just stated.

It is my belief, Senator, that besides these programs we should be doing more in terms of the health promotion side that speaks to specific efforts. It is difficult to give you a cost savings of that early, but certainly I think that we can support it in terms of future savings of the individual so evaluated.

So, in general, I believe the health promotion programs are coming along well.

Second, I think we should be more intense with them. And third, I believe there is a significant payoff, but not in the short term.

Senator GLENN. Okay. We are getting past our quitting time here. I would like to just ask for your suggestions here on what you think we should be doing to be of most help to you. We are all trying to work toward the same thing. A lot of times, hearings here have sort of a semi-adversarial relationship. I realize that.

But in the interest of getting the information out so that we can do something about it on this side of the river, what areas should I have addressed this morning, or that you would like to suggest that would make your job easier and our job the same over here? Anyone want to volunteer? Dr. Mendez?

Dr. **Mendez**. Sure, sir, I will start it off. As you know, we have the ability to be able to recoup third party reimbursement for inpatients who can go to the military treatment facility. I think some thought should go on in terms of the possibility of expanding that to the outpatient side.

Certainly, although the inpatient picture is more intense in terms of the patient and his need, the other is more frequent in terms of frequency of visits, and that is one possibility.

Before I shift the discussion to one of the Surgeons, if I may request from you that you extend your generous offer as far as sending you things in which we may need help, from now to the time of markup, if you would have no objection to that, Senator Glenn.

Senator **Glenn**. No, I would solicit that. That is fine.

Dr. **Mendez**. Thank you.

Senator **Glenn**. As I already said on the reprogramming and things like that, if we do not get things until the last second over here before markup, it is very, very difficult.

Dr. **Mendez**. I know, sir. We will try to be prudent about the timing.

Senator **Glenn**. And things that you suggest that we think are very good, obviously you do not just get those by walking into a markup and saying, here is an idea they sent over. You get some of those things put in by calling people and sending around Dear Colleague letters and personal contact, so that people are aware of what is happening, so they will vote favorably when they come to the meeting, getting them informed ahead of time.

People do not like surprises at the last minute. So the sooner you get that information over to us, the better.

Okay, just in the order in which we started out this morning, General Ledford, do you have any suggestions?

General **Ledford**. Sir, give us a stable business environment. Give us flexibility and help us invest in the direct care system. And I think we can take it from there.

We have some legislative initiatives we would like you to help us with. We will put those in after the fact. But what we need is a stable business environment. We need to be able to have vision and to carry that vision through.

Senator **Glenn**. Very good. Admiral Zimble.

Admiral **Zimble**. I would just echo General Ledford's words. He has some legislative proposals. We have seen them and we concur, and support those proposals. We want to make sure that we do not disenfranchise any of our beneficiaries, that they do not grow out of one benefit and into another. So, I would like to think that we can adequately fund for all of our communities.

And we need a better coordination of all the various Federal health care expenditures that go on. We have a resource-sharing initiative in California. We allow some people to come into our facilities and to work there. As they work there, they utilize a lot of our consumables, and they cannot reimburse us for those consumables because there are some legal sanctions.

We need some relief from those sorts of things, and we are preparing legislative language to address that.

Senator **Glenn**. Let us know. Maybe we can help out on that in particular.

Admiral **Zimble**. Yes, sir.

General **Miller**. The only thing I would add, sir, is perhaps some study as to Medicare offsets. I am sure you know that the Medicare folks consume five to seven times more health care dollars than those younger than that. We take care of an awful lot of folks who are Medicare eligible. When they become so, they lose CHAMPUS eligibility. We have no cost avoidance in DOD health care systems when we take care of Medicare folks.

Senator **Glenn**. Well, and you just take that out of pocket now? You take it out of your hide, out of other programs, or what?

General **Miller**. Yes, sir. Yes, sir, it comes out of the total health care budget for the services.

Senator **Glenn**. Is it a big enough chunk that it should be line itemmed or should be spelled out as a separate item in the budget?

General **Miller**. Well, I simply wonder if there is value in spelling it out as a separate item in the budget, in that HHS is avoiding those costs, but Defense is not.

Dr. **Mendez**. There is an estimate in my office, Senator Glenn, about that. It probably is close to $500 million.

Senator **Glenn**. Oh, it is? It is not a small amount then.

Admiral **Zimble**. And Senator Glenn, let me just add that we want those patients in our direct care system, those are the patients who have the disease processes, the conditions that challenge our providers. We want to have the most efficient providers so that they can transport those skills to a readiness role, and we need those patients as much as they need us.

Senator **Glenn**. Okay. Two items. One, General Ledford, a call for stability falls on very responsive ears here to me and I wish we could do more about it, because a call for stability is one we hear in a lot of different areas of government, not only in your particular medical area.

But I know you cannot really plan things in the medical area on a 1-year basis, not plan the way you should. This committee has taken the lead in the Congress in trying to get 2-year budgeting and we have wound up with sort of duplicate budgets, a 1-year and 2-year, and I see some smiles. You know what I mean because you have to go through and figure them out twice.

Then we have the FYDP, the Five-Year Defense Plan, on top of that one. And we are all involved with these things, and I wish we could get more stability in the budgeting process. I think a good way to do it would be to go government-wide on 2-year budget just as a start and see how that works.

Another item here. The area that you are in that came up earlier gets over into total force policy, who we assign what missions to. And I hope, Dr. Mendez, that your counsel and advice is being sought on that. Are you a member of the Total Force Policy Study Board?

Dr. **Mendez**. Yes, sir, I am a member of the total force committee, and I also have two action officers from my office who participate in the working group. I have detailed them on a full-time basis while the study is going on, sir.

Senator GLENN. Okay, because your input can be a major one. You will be covering an item that we have complained very vocally about for the last several years, as you are aware, and that is combat medical and the ability to perform in case of an emergency for that 80 percent of combat medical that is assigned to the Reserves.

And it has not been a good picture. So this total force policy gives a chance to redress some of those things that have been out of balance for a long period of time, and as we reduce forces it is going to be even more important.

It also provides an opportunity to make the changes we should have made a long time ago. For those in the room that are not thoroughly familiar with total force policy, I will not go into the whole thing, but it was basically defined back in 1973 as the assignment of missions and roles between the Regular and the Guard and the Reserve and who would do what.

Some of those assignments have gone extremely well and we can assign, I think we can assign, more functions to the Guard and Reserve in some of those areas, particularly in some of the Reserve squadrons and tankers and things like that that we have in the Air Force.

In some of the others, in the area of combat support, combat service support, and in particular combat medical, they have not worked well. And what we have asked them to do is on a priority basis define the threat for the future, number one. It just irks me every time I see one of the newspaper stories that we are cutting this, cutting that, cutting something else, without defining the threat of what the force is supposed to address.

Is it going to be the Persian Gulf? Is it going to have a part of going back in to block the Fulda Gap in Europe, just in case? Is it the Straits of Malacca? Is it keeping the sea lanes open? Is it doing a land war in Asia if we have to, if North Korea lit off out there?

There are all sorts of things we have to define as to where the dangers of the future may lie. Then we tailor our forces to meet that threat.

And too often out of the Pentagon and the other commentators around town here, but out of the Pentagon in particular, we do not have that kind of an analysis yet so that we have some guidance as to how we can help tailor the forces to where they should be.

And I just dislike this thing intensely of just saying across the board, well, everybody take a 10 percent cut. I think that is the very worst way. I think we need to define the future threat and then go in and revise the total force policy, decide where it has worked well in the apportionment of duties between the Guard or between the Reserves and the Regulars, whether it has worked well or whether it has not worked well, and reassign where necessary while we are making all these other big changes.

It just seems to me that is what should guide our thinking this year. So to summarize that, I hope you are making a very forceful presentation in this medical area that has not worked well in the Reserves up to now. Maybe we can make it work in the Reserves. If not, we have to make some other arrangements, pull it back in or authorize civilian—requiring civilians of a certain vocational stripe—I am not saying this very well, but of a certain capability—to be drafted immediately. We have them on call by name; whether they like it or not they would be brought back in in case of a real honest to goodness emergency.

Whatever we are going to do with this thing in the future, it should be spelled out in this total force policy, is the point.

Dr. MENDEZ. Sir, for me the word "membership" implies participation, and indeed I am doing that quite actively.

Senator GLENN. Be a loud voice.

Dr. MENDEZ. I wanted to say one thing for just a second if I may, Senator, at the risk of prolonging it, and that is, the four men who are in front of you today are working very well together. I mean that in terms of the development of philosophy and policy, in the planning portion of it, on how we think about the matter of the operation of the system.

I am sure that was obvious to you, but I felt compelled to say that to you because it is real and it relates really to Dr. Ledford's thought about stability. From this standpoint, you see the opportunity for that to happen in my judgment is significant, and I wanted to share that with you.

Senator GLENN. Excellent. Keep it up.

On that note, the hearing will stand in recess subject to the call of the Chair.

[Additional prepared statements for the hearing record follow:]

TESTIMONY OF

THE AMERICAN PSYCHOLOGICAL ASSOCIATION

On behalf of the American Psychological Association (APA), I wish to thank Chairman Glenn and the Members of the Subcommittee for this opportunity to submit testimony regarding the impact of the CHAMPUS Reform Initiative (CRI) on the provision of health care to military families. The APA, the leading professional and scientific organization representing psychology in the United States, is vitally concerned with the availability and delivery of high quality mental health care throughout the entire U.S. health care system. While we acknowledge the need for more cost-effective approaches to the delivery of mental health services such as those undertaken by the Department of Defense (DoD), we believe some of the practices undertaken by the CRI contractor and subcontractors pose a major threat to those CHAMPUS beneficiaries who are seriously in need of mental health care.

We have been closely monitoring the implementation of CRI since the start of the program. As the members of the Subcommittee are aware, Foundation Health Corporation (Foundation) was not capable of properly processing claims for health care services. Eligible claims simply were not paid, or were paid with unitemized lump sum payments. In short, the claims processing was a mess. It has now been close to two years since the implementation of CRI and we acknowledge that the claims processing system is much improved. We do, however, wish to point out persisting problems caused by CRI and make some recommendations. We have also shared these concerns with Assistant Secretary of Defense for Health Affairs, Enrique Mendez, who has given us no assurance of improvement.

We wish to begin by saying that our comments and concerns are not to be read as a sign that the APA is categorically opposed to the use of "managed care" or "utilization management" procedures in an effort to control excessive usage and costs of certain services, by steering patients to the least restrictive, most effective and cost-efficient treatment settings. The APA does, however, wish to ensure that any new model of utilization management and review is effective both in improving access to quality health care services and in lowering CHAMPUS costs. We are concerned that some of the procedures utilized by Foundation and its subcontractors to screen mental health claims and establish provider networks are contrary to sound management practices and serve to discriminate among beneficiaries and providers. The following is a summary of the practices under CRI which we believe deserve closer scrutiny by Congress.

Inadequate Claims Processing

Based on data and information provided through CHAMPUS providers in California, it is our conclusion that the claims processing system employed through CRI contractors remains inadequate. While the DoD has reported improvements, the reality is that reimbursement of claims remains inconsistent and confusing. Network providers for many months received no payments whatsoever, then received inadequate lump sum payments without accurate explanation. After two years of service, a large portion of claims have been substantially delayed or erroneously denied. While the problem is more pronounced where network claims are concerned, non-network mental health service providers are also experiencing substantial delays. We feel it is unacceptable that major reimbursement problems exist after almost two years of operation.

We would be pleased to share more detailed information provided by our members who are currently owed tens of thousands of dollars when in fact the services they rendered were preauthorized and accepted by Foundation and/or Partners. We recommend that the Subcommittee investigate the current backlog by either requesting a separate study or conducting a hearing on the operation of CRI mental health services.

Inefficient and Inappropriate Utilization Management and Review

The new review practices for mental health services is of paramount concern to the APA. As mentioned previously, the utilization management and review component of CRI is the linchpin of this effort to control health care usage and costs. Much attention has recently been paid to the use of a managed care concept to control costs of publicly funded health care programs and the APA is committed to working with Congress and the relevant agencies to ensure that these new initiatives meet their goals. We cannot, however, endorse the wholesale reliance on these initiatives at the expense of the best interest of those in need of mental health care services.

Citing the need to cut costs, Foundation has instituted "heightened review" of claims for outpatient mental health visits. Network claims are retrospectively reviewed after the first six visits and receive prospective review for each additional ten visits. Non-network claims receive essentially the same review. This policy differs drastically from review procedures contained in CHAMPUS Regulations which require review after the 24th visit and at intervals of 24 visits thereafter. CHAMPUS Policy Manual 6010.47 (October 1988). DoD officials state that this particular proposal for increased review was accepted as part of the contract between DoD and Foundation, yet neither the contract nor supporting documents contain any explanation of the need for or utility of such change.

The APA has evidence to argue that increasing review in this manner is not cost-effective, and indeed can cause patients to prematurely discontinue mental health visits. In fact, CHAMPUS has boasted about this "sentinel effect," stating that patients who know they are being "watched" will discontinue frivolous services. We believe that this phenomena also causes people who are in need of care but who may have some reservations due to persisting stigma to quit before they realize any benefit. In addition to discouraging needed care, research indicates that 50 percent of all beneficiaries seeking outpatient mental health care do not need or choose not to continue beyond the 12th visit. Approximately 85 percent of beneficiaries complete therapy by the 25th visit. It therefore seems misguided and unnecessarily costly to emphasize intensive review of claims at such an early stage of care. Again, with this research data in mind, we urge the Subcommittee to examine Foundation's current review policy. We believe it is not only a wasteful use of resources, but serves to discourage beneficiaries from seeking needed mental health services. The DoD should be asked to demonstrate the need for and the efficacy of this review procedure.

Apart from the APA's contention that current CRI review practices serve to deter those seeking needed mental health services, we are also concerned about the integrity and quality of Foundation's review procedures. Providers throughout California have been inundated with paperwork including repetitive requests for additional information, treatment reports and information of a confidential nature. The combination of the increased frequency of review along with dilatory paperwork procedures has resulted in, according to providers, the denial or suspension of an enormous number of legitimate claims.

Finally, the APA believes that DoD has exercised inadequate oversight over Foundation's changes to the CHAMPUS program, thus allowing Foundation to establish new, burdensome standards that do not comport with administrative practices of other health care systems. An example of dubious practices that compromise provider integrity is found in Foundation's failure to follow insurance industry standards by routinely asking providers to violate professional standards of confidentiality. While third party payors typically and reasonably expect a certain level of information on which to base payment decisions, Foundation's requests are intrusive and inappropriate in the mental health care setting. Furthermore, it is unclear what practices or circumstances will trigger such requests, leading to the conclusion that Foundation has failed to develop comprehensive or consistent guidelines for review of claims. While we are mindful that the legislation authorizing CRI left discretionary authority to the DoD, we believe Congress should be aware of the broad changes in the treatment of mental health care under the CRI contract and request an independent study of such changes and alternative, less burdensome utilization management and review procedures.

Erosion of Appeal Rights

In addition to the sweeping changes Foundation has made in claims review, Foundation has substantially altered the appeal rights of participating providers. Prior to CRI, participating providers could appeal denials to the Office of CHAMPUS. Under the new contract, network providers' appeal rights end with subcontractor review. Foundation has issued no policy statement covering this change and only recently was willing to produce written notification to providers. We find it disturbing that a publicly funded health care program could be changed, without notice, to disallow appeals to a government entity and allow only for appeal to a private contractor. We recommend that Foundation be required to afford the same rights contained in CHAMPUS regulation.

The APA is mindful of the DoD's need to cut health care costs, but strongly urges better oversight of the means to accomplish that end. We believe the lines of accountability and responsibility to beneficiaries have been significantly weakened by the breadth of discretion given to the Foundation Health Corporation. This problem is compounded by what we view as poor oversight by DoD of the operations and policies of Foundation and the need for closer scrutiny of the impact of such activities on the ability or right of beneficiaries to receive mental health care and providers to offer such services. We are concerned that DoD and Congress may not be fully aware of the changes made by Foundation or the impact of such changes on mental health care.

Undoubtedly other health care providers are concerned about changes under CRI; however, it seems clear that mental health care services are subject to a level of scrutiny and regulation intended to do more than screen out ineligible claims and improve efficiency in the system. The effect of these changes is and will continue to be a decrease in the availability of important and necessary mental health services. CHAMPUS represents a commitment to those who have served in the military and to their families, and we strongly believe that these services should not be "squeezed out" by the operation of this demonstration project. We are concerned that CRI is being conducted in such a way as to circumvent procedural safeguards that ensure fairness and accountability to the public.

Military retirees and their families represent an important population with unique and sometimes extraordinary mental health needs. Many CHAMPUS beneficiaries, because of their involvement with the Armed Services, are subjected to highly stressful, dynamic circumstances which greatly affect family and personal stability. Ironically, the implementation of new CRI procedures adds to the beneficiaries' stress by imposing nebulous requirements for reimbursement of care. In many cases, the beneficiaries are notified that a claim has been delayed when in fact the delay has nothing to do with the appropriateness of care given. For example, patients in need of psychological evaluation are being notified that such tests will not be reimbursed unless they are preauthorized. Prior authorization takes weeks, sometime months. In the meantime, patients and families must wait in a state of uncertainty and, many times pain, to have the benefit of psychological evaluation, a service vital to diagnosis and ultimate treatment of their disorder. It is highly doubtful that DoD or Foundation intended such an irrational result and we believe it is time that the detrimental effect of this program be recognized and redressed.

The American Psychological Association urges the Subcommittee to take steps to investigate and redress the problems described. As mentioned previously, we believe it would be beneficial to all concerned if the Subcommittee 1) request a separate independent study of the impact of CRI on the delivery of and access to mental health care services and 2) hold a separate hearing, perhaps a field hearing in California, in order that the Subcommittee might hear testimony of those who are most directly effected by this demonstration project.

The APA stands ready to work toward a reasonable solution to the problems posed by the implementation of the CHAMPUS Reform Initiative. We would be happy to provide more elaborate examples of the problems we have identified and make additional recommendations should the Subcommittee require more information.

STATEMENT OF THE
AMERICAN ASSOCIATION OF DENTAL SCHOOLS

The American Association of Dental Schools (AADS) is pleased to present this statement regarding dental education and manpower trends to the committee. AADS represents all of the dental schools in the United States, as well as advanced education, hospital, and allied dental education institutions. We are the only national organization concerned exclusively with the needs of dental education.

The purpose of this statement is to corroborate information you received at the May 15, 1990 hearing from the Surgeon Generals of the Army, Navy, and Air Force, and the Assistant Secretary of Defense for Health Affairs. We believe the conclusion that should be drawn from this information is that it will be increasingly difficult for the Department of Defense (DOD) to recruit the best dental students into the Armed Services.

ENROLLMENT AND MANPOWER TRENDS

There are several issues the committee should be aware of in assessing future dental manpower needs in the armed services.

a. Dental School Enrollments and Dentist to Population Ratio

AADS has attempted to forecast future dental school enrollment trends in light of the dramatic 37% decline in first year enrollments since 1978. Relying on a sophisticated manpower model that predicts population changes and dental practice choices over a number of years, an AADS Advisory Committee on Dental Manpower released a report in January 1989 that predicted dental school enrollments and projected dentist-to-population ratios until the year 2020. The manpower model assesses survey information from dental students and practicing dentists, combined with economic and social projections. The model uses mathematical probabilities to assess individual dental practice decisions. It is a widely recognized manpower information source in the dental community.

The model predicts that first year enrollments will decrease from 4055 in 1989 to 3192 in 1997. Then, a period of recovery and stability is predicted from 1998 to 2020, with first year enrollments ranging between 3400 and 3600. Even with this recovery, the number of active dentists is projected to decrease from 138,749 in 1988 to 128,329 in 2020. During this same time the overall U.S. population is projected to increase from 243 million to 295 million.

The model predicts that the dentist-to-population ratio will decline from 56.5 dentists per 100,000 population in 1988 to 43.5 per 100,000 in 2020. The decline is predicted to be especially dramatic in some regions of the country.

These figures indicate that the Armed Services face increasing competition in recruiting fewer dental school graduates who are entering the job market.

b. Student Career Plans

Our 1989 survey of dental school seniors revealed that 10.6% planned to seek government service positions. While this was a slight increase from 8.4% in 1988, the figure has decreased from 19.7% in 1978.

c. Student Indebtedness

There is also growing concern with student loan indebtedness, in that high debt may eliminate military service as a viable option for graduates. Our 1989 survey of dental school seniors revealed an average debt of $43,300; the average was $60,300 for those at private schools, and one third of the dental students were graduating with debt in excess of $50,000.

CONCLUSION

This information indicates that the Armed Services need to explore options such as scholarships, loan repayment, and pay adjustments to meet future dental manpower needs. AADS would be pleased to work with the committee on exploring options in this area.

Thank you for considering our comments.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JOHN GLENN

MANAGED CARE—UNIFORMED SERVICES TREATMENT FACILITIES

Senator **GLENN**. Doctor Mendez, the Uniformed Services Treatment Facilities (USTFs) and DOD are working toward establishing a managed health care delivery system to be implemented in fiscal year 1992 and projected to last 3 years on a trial basis. Yet much remains to be done (and negotiated) before the project can get underway—so much so that it seems possible that implementation might be delayed. It also seems that the proposed system, as currently envisioned by DOD and the USTFs, will potentially be much larger in terms of cost, benefits offered, and beneficiaries served than the present USTF program. Is it the Department's plan to increase the use of USTFs to serve more people and provide better benefits, thereby increasing costs? Or is there a plan to limit the growth of the program?

Dr. **MENDEZ**. It is the Department's plan through its USTF managed care model to transition the USTFs to viable community status under the CHAMPUS managed care and enrollment programs that will be coming on line. This transition process was the original intent of the USTF statute enacted in 1981; proceeding with it appears reasonable and desirable. The transition should be complete not later than fiscal year 1995.

Under the USTF managed care model, the Department plans to manage the use and benefit structure of the USTFs to limit total government cost growth to that of the 10 percent annual cap adopted and in place since fiscal year 1987. Within this overall government funding cap, it is expected that total program costs could be held at a level approximately $50 million below the previously estimated fiscal year 1991 budget amount, taking into account all key elements of the model, including the expanded coordination of benefits feature. Government costs per beneficiary under the USTF managed health care model will be no greater than government costs under CHAMPUS or Medicare, whichever would apply to the particular beneficiary. Benefit enhancements or reduced cost sharing will be funded from savings generated through the utilization review, discount arrangements and managed care features of the plan. Any additional funding necessary for the USTF to provide comprehensive services may be obtained from beneficiary contributions or cost sharing, which will be less than the norm under standard CHAMPUS or standard Medicare.

The USTF managed health care model was developed by the DOD and the USTFs pursuant to the direction of the House Armed Services Committee in its report on the Defense Authorization Act of 1990. That report directed that the Department and the USTFs work together to develop a new managed health care delivery and reimbursement model which can be utilized as the basis for deliberations and discussion when Congress reviews the status of the USTFs during the 1991 Defense authorization cycle. The report further directed that the USTF delivery and reimbursement model include the two basic tenets of managed care, capitation and enrollment, and incorporate the full range of inpatient and outpatient services currently available to beneficiaries of the military health care system.

In order to accomplish these tasks, we adopted an enrollment concept commonly found in health maintenance organizations in the civilian health care industry. The model is designed to provide health care services to those beneficiaries currently using the Uniformed Services health care delivery system through CHAMPUS or the direct care system of military hospitals and clinics. We do not desire or intend to serve additional people with this USTF model.

In order to incorporate the full range of inpatient and outpatient services currently available to beneficiaries of the military health care system into the proposed USTF managed health care model, we adopted the CHAMPUS benefit package as our standard. Where the full range of services cannot be provided by the USTF at their facility, the model requires the USTF to contract with other providers to assure that the benefits are available. Such contracting arrangements are common in the health care industry.

The proposed model will reimburse the USTFs on a per member per month rate for each enrollee. The rate will be based on the government cost of CHAMPUS per CHAMPUS reliant beneficiary. Health care services that are covered by the Medicare program would be paid for by Medicare and those services that are not covered by Medicare for Medicare eligible beneficiaries would be paid through the USTF program in the form of wrap-around coverage. Collection from third party payers, also known as coordination of benefits, will be incorporated into the rate structure which will reduce the costs to the Government. Preliminary cost estimates indicate that the costs to the Government for this proposed model will be less than the costs under the current USTF program because the proposed rate structure is based on government costs of CHAMPUS and enrollment in the program, rather than reimbursement rates based on the Federal Employees Health Benefits Program and unduplicated annual users. Also, with the costs concentrated in one program that pays on a capitation basis, rather than on a claims or fee for services basis, overall costs to the Department and the Uniformed Services will be reduced.

Senator **Glenn**. Under current law, DOD can take action to terminate agreements with the USTFs after December 31, 1990 if it can demonstrate that more cost effective care is available elsewhere in the same geographic area. In light of the new managed care project not being implemented until October 1, 1991 at the earliest, do you think the USTFs current protection under the law should be extended beyond December 31, 1990; and if so, for how long?

Dr. Mendez. The Department does not believe that an extension of the USTFs current protection under the law beyond December 31, 1990 is necessary. The Department is committed to the implementation of the USTF managed health care model and the model's subsequent integration into the overall Department's managed care and enrollment programs expected to be in place when the USTF managed care model's final option period ends on September 30, 1994.

COMMISSIONING CHIROPRACTORS

Senator **Glenn**. Dr. Mendez, Senator Thurmond a member of the Committee on Armed Services, has introduced a bill S. 2590, which would provide authority to the military services to appoint chiropractors as commissioned officers in the Armed Forces and to entitle them to special pay. Would you please provide for the record the position of the Department of Defense on this bill?

Dr. **Mendez**. The Department of Defense opposes this legislation. The military medical departments have the unique and primary responsibility for the treatment of disease and injury arising from combat and see no place for chiropractic in discharging that responsibility. Definitive surgical and medical treatment, which cannot be provided by doctors of chiropractic medicine, is required for military personnel in times of conflict. The peacetime medical missions of the military medical departments use the broad diagnostic and therapeutic skills provided by osteopathic and allopathic physicians to care for dependent and retired beneficiaries. There are already others within the existing health care delivery system who can appropriately treat musculo-skeletal ailments. In addition, to employ chiropractors, who have limited and narrowly focused skills, is a manpower and financial expenditure that would be of little benefit to the beneficiaries of the military health care system.

The primary reason against inclusion of chiropractic is the lack of a scientific base in support of the theory. The therapeutic regimens of chiropractic have not been subjected to the scrutiny of modern scientific methodology. The statement of the International Chiropractors Association that "the philosophy of chiropractic is based on the premise that disease or abnormal function is caused by interference with nerve transmission and expression, due to pressure, strain or tension upon the spinal cord or spinal nerves, as a result of body segments of the vertebral column deviating from their normal juxtaposition" is not supported by the substantial body of modern scientific investigation. Our position is supported by the American Medical Association and the American Osteopathic Association and other professional organizations.

In addition to our concerns about the scientific validity of the theory of chiropractic, we also have reservations about the quality of individual chiropractors. There is great variation in educational levels, the curricula of the schools, and the licensing standards among States. Chiropractors, depending on their training and personal outlook, vary from those who advocate chiropractic solely for musculo-skeletal disorders to those who advocate chiropractic for a wide range of ailments.

Senator GLENN. Should the provisions of this bill be included as part of the DOD authorization for fiscal year 1991?

Dr. MENDEZ. No.

SPECIAL PAY INITIATIVES

Senator GLENN. Dr. Mendez, Senator Inouye, chairman of the Subcommittee on Defense of the Senate Appropriations Committee, has indicated an interest in: extending the incentive pay currently authorized by Section 302(e), Title 37, United States Code to nurse-midwives and intensive care nurses; and extending special pay rates currently authorized by Section 302(a)(5), Title 37, United States Code to podiatrists awarded a Certificate of Diplomate in a special area of practice approved by the Council of Podiatric Medical Education of the American Podiatric Medical Association.

What is the Defense Department's position and arguments for or against each authority?

Dr. MENDEZ. While providing incentive pay to nurse midwives and intensive care nurses may have positive effects on their retention, the Department does not recommend extending to these specialty categories the incentive special pay recently authorized for certified registered nurse anesthetists. These specialty categories do not demonstrate either the significant staffing shortages or the competitive compensation data similar to the strong justifying factors upon which the Department based its recommendation for, and Congress authorized, the new incentive special pay for nurse anesthetists. Current data do not justify the need for new special pays to meet staffing requirements for nurse midwives or any nurse practitioner specialties other than nurse anesthetists, nor for nurses with intensive care expertise. The Department believes the newly authorized nurse accession bonus, along with the many initiatives undertaken by the military departments to improve nurse recruitment and retention, will serve well to meet future staffing needs for Active duty nurses.

It should be noted that all services do not have specific specialty designators for military nurses who work in the functional area of intensive care. Military intensive care units are staffed with nurses having a broad base of clinical expertise in medical-surgical nursing together with special training and experience in intensive care nursing. Intensive care nursing is subsumed, along with many other subspecialty groups, under the broad specialty category of medical-surgical nursing. Nurses with intensive care expertise frequently work in a variety of medical-surgical settings. In view of these characteristics of military intensive care nursing, it would likely prove very divisive and cause morale degradation among other nurses if this subspecialty area was to be singled out for special pay, particularly in the absence of compelling justification.

Special pay for military podiatrists cannot be justified on the basis of the services' staffing posture for this profession. Data reported by the services show that the numbers of available military podiatrists meet or exceed the services' budgeted authorizations for podiatrists. The introduction of new special pays for any personnel category should be considered only if there are significant staffing shortages and retention problems which require remedies that would justify such pay. Further, there is no evidence to suggest that special pay targeted to podiatrists who are awarded diplomate status would improve podiatrist retention. Therefore, the Department does not recommend extending special pay authority to podiatric diplomates. In the event the Department's future force requirements, retention objectives and staffing posture reveal problems warranting consideration of podiatry special pay, the Department would favor accession bonus authority or special pay authority which encompasses all podiatrists rather than only diplomates.

Senator GLENN. What would be the cost of extending each of these authorities?

Dr. MENDEZ. It is estimated that the cost of extending incentive special pay to nurse midwives and intensive care nurses would be approximately $13 million annually. The cost of extending special pay to podiatric diplomates is estimated to be approximately $110 thousand annually.

CHAMPUS REFORM INITIATIVE

Senator GLENN. Dr. Mendez, as authorized by Congress, the DOD began a demonstration project—the CHAMPUS Reform Initiative (CRI) in August 1988 in an effort to control CHAMPUS costs and provide better care. The initial phase of the demonstration was limited to California and Hawaii. Dr. Mendez, would you please briefly describe for us the concept of CRI and how the demonstration is working in California and Hawaii?

Dr. MENDEZ. Under the CRI, Foundation Health Federal Services and five subcontractors, Foundation Health Plan, Partners Health Plan, Queen's Health Plan, Electronic Data Systems Corporation, and Blue Cross/Blue Shield of Washington/Alaska administer the CHAMPUS program available to approximately 800,000 eligibles in California and Hawaii. The project began on schedule August 1, 1988 after a 6 month implementation period. CRI is an at-risk contract with provisions for price adjustment for conditions outside the contractor's control, such as changes in the amount of care provided in military hospitals or the number of eligible beneficiaries living in the CRI area. The contractor and the government share risk if overall costs exceed 3 percent of the bid price. To date, the government has not had to pay any additional cost. A preliminary analysis by the RAND Corporation indicated costs in the CRI area would have increased 22 percent absent CRI. They increased 4.6 percent under the CRI. In addition to containing CHAMPUS costs, the CRI also is designed to improved the quality of health benefits and increase the coordination between the military and civilian components of the Military Health Services System. Over 9,000 doctors and 130 hospitals have joined health care networks developed by the CRI contractor. Over 80,000 CHAMPUS beneficiaries have voluntarily enrolled in the networks. A recent survey indicated a 97 percent satisfaction rate with network services. Overall, 52 percent of the medical claims are from network providers. Under the CRI, 66 resource sharing agreements have been implemented to increase medical services available in military hospitals. Additionally, 95 Health Care Finders have been placed in MTFs by the contractor to assist staff and patients in coordinating health care needs.

Three areas of concern arose during early stages of the CRI. They included corporate management, the prime contractor's financial capability, and claims processing deficiencies. Excepting residual problems associated with initial claims deficiencies, these problems have been resolved.

Senator GLENN. Dr. Mendez, initially the contractor, Foundation Health Corporation, experienced severe administrative problems involving claims processing and financial management that nearly resulted in the termination of the CRI demonstration. I understand that the company was on the verge of bankruptcy and that the State of California had issued a cease and desist order because of the company's liquidity problems. Would you describe the problems the company had and the actions taken to correct them?

Dr. MENDEZ. First, regarding claims processing problems, Foundation Health Corporation (FHC) contracted with Electronic Data Systems to assist in claims processing starting April 1989 after failure of their initial claims processing system to meet government standards. Since that time there has been steady progress in meeting claims processing requirements and resolving the residual problems from the initial claims processing failure. In May of last year, FHC had an inventory of over 210,000 unprocessed claims, 150,000 of those over 30 days. At the end of May this year, they had an inventory of 66,000 claims; 19,900 of those were over 30 days. The standard for claims over 30 days old is 2.5 days work on hand; FHC has 2.3 days work on hand. To further improve services and speed up payment, FHC has instituted a system whereby providers can electronically submit claims. Twenty-one percent of the in-system claims are now submitted electronically.

The popularity of CHAMPUS Prime and Extra has dramatically shifted health care delivery from out-of-system (Standard CHAMPUS) to in-system providers. The last claims report indicated that during the week of 25 May 1990, 62 percent of the claims were from network providers. While this shift has positively impacted overall health care costs, it has also greatly increased in-system claims receipts. FHC is keeping pace with this shift.

Blue Cross of Washington and Alaska, the standard CHAMPUS claims processors, has continuously met or exceeded the Government's standard for claims processing over the past 6 months. The current inventory of 25,000 claims represents 6 days work on hand and is a significant improvement from an all time high of 120,000 in January 1989.

Regarding FHC's financial condition, since a new chief executive officer took over the company last year, its financial position (CRI and commercial) improved substantially. Recently, FHC reported net income of $8,409,000, for the 9 months ending March 31, on total revenues of $647,461,000. Operating income increased to $18,660,000 for the same period. Both the Defense Contract Audit Agency and independent auditors recently gave FHC good reports. Commercial membership has increased by nearly 30 percent. The cease and desist was lifted in June 1989.

Senator GLENN. When did the contractor come into compliance with claims processing timeliness and accuracy criteria?

Dr. MENDEZ. For the period ending 25 May, in-system claims inventory was at its lowest point since the beginning of the CRI contract. The ending inventory was at 66,683 and consisted of 8 days work on hand. Claims over 30 days were 19,895, and those over 60 days were 5,741. The in-system standard is that average receipts pending over 30 days is not to exceed 2.5 days. The contractor had 2.3 days pending as of 25 May. This is down from more than 23 days on hand at the end of April 1989.

Out-of-system claims processing has been in compliance with the standard of 75 percent of claim receipts processed in 21 days since April 1989. For the past 10 months, 81 percent to 86 percent of claims receipts have been processed in 21 days. The most recent ratio of over 30 days claims indicates 1.24 days against a 2.5 day standard. That indicator has been within standards since March 1989.

Senator GLENN. What is your assessment of the financial health and corporate management of the company at this time? In other words, have all the problems been completely corrected?

Dr. MENDEZ. In fiscal year 1989, the company completed a number of restructuring steps to strengthen its operations and to eliminate marginally performing ventures. These actions followed a particularly difficult period in the HMO industry, due in part to rapidly rising health care costs. The company retained a new chief executive officer, restructured its management team, divested its non-California and HMO operations and business unrelated to health care, implemented stricter underwriting and actuarial standards, strengthened controls on health care and administrative costs and introduced a performance-based management compensation program. These changes contributed to the turnaround from an operating loss of $37.4 million in fiscal year 1988 to an operating profit of $18.7 million for the first 9 months of fiscal year 1989.

The CRI contract incorporates specific fiscal soundness standards for the Prime Contractor:

The contractor must demonstrate that at all times total assets exceed total unsubordinated liabilities and that they have sufficient cash flow and adequate liquidity to meet obligations as they become due.

Review of the Prime Contractor's most recent audited and unaudited financial statements indicates that they are in compliance with these contractual standards.

Senator GLENN. What is the role of Merrill Lynch in rescuing the contractor from the precarious financial condition and what kind of assurances can you give us for its continued support of the contractor?

Dr. MENDEZ. Merrill Lynch is an active and major participant in Foundation Health Corporation (FHC). They own 44 percent of the company and have invested $55 million. Two of their senior officers serve on the FHC Board of Directors. Any transfers of ownership of Merrill Lynch's stock in FHC, the parent holding company, should not affect the financial condition of its subsidiary, Foundation Health Federal Services (FHFS), Inc. which now is the CRI prime contractor.

There is every reason to believe Merrill Lynch will continue to be actively involved. In addition, Merrill Lynch has provided an irrevocable $2 million line of credit to FHFS, Inc. They appear satisfied with their investment.

Senator **Glenn**. Dr. Mendez, I understand DOD plans to expand the CRI demonstration into three new States—Arizona, Nevada, and New Mexico. Is this correct and when do you plan to expand the CRI demonstration to these three States?

Dr. **Mendez**. The CRI contractor has demonstrated capability to administer the CRI contract, and there is good evidence health care costs in the CRI area are better controlled than outside the reform area. It would be prudent at this time to allow the CRI contractor to begin the expansion effort. It will take about 6 months to develop, submit for our approval, and implement the CRI health care delivery and prerequisite management systems. This is required prior to making services available to the patient population, and realizing any benefits from improved CHAMPUS benefit program management in the expansion area. It is estimated that $1.3 million can be saved per month, by expanding the CRI into Arizona, Nevada, and New Mexico.

Recognizing congressional concerns that the CRI program be given an opportunity to demonstrate sustained quality operational performance prior to making an expansion decision into other areas, DOD feels obligated to delay expansion until more detailed program data is available. A decision to begin expanding administrative activities could be made within 120 days.

Senator **Glenn**. How will you ensure that the contractor is capable of expanding the demonstration without experiencing the same difficulties in the initial California-Hawaii demonstration?

Dr. **Mendez**. DOD's approval for CRI expansion into California, Nevada, and New Mexico will be based on assessments provided by the RAND reports and DOD onsite visits that the objectives of CRI (improved coordination between military and civilian components of the Military Health Service System, enhanced services, and cost containment) continue to be achieved, start-up problems associated with claims processing have been eliminated, the contractor has demonstrated the capability to successfully take on the added tasks associated with expansion, and the CRI contractor continues to demonstrate a strong fiscal soundness posture.

Senator **Glenn**. Dr. Mendez, the GAO has indicated that a decision regarding the expansion of the CRI demonstration should be delayed until there is more convincing evidence that CRI is saving money—a key DOD criterion for evaluating its success. Estimates thus far indicate that while CHAMPUS costs are apparently being contained in California and Hawaii, it is not possible to link this directly to CRI. Even studies commissioned by DOD contain strong caveats and suggest the need for further evaluation. How soon do you think you can get valid and reliable data to give us a definitive, unequivocal cost/benefit evaluation of CRI?

Dr. **Mendez**. In October, RAND plans to provide Health Affairs with detailed analyses of CHAMPUS costs and utilization in California and Hawaii during the 6-month period from April to September 1989. RAND will compare changes in cost and utilization from the same period in the previous year with those in control sites outside California and Hawaii. This should provide us with a solid basis for assessing the impact of CRI on CHAMPUS cost and utilization. RAND will also analyze changes in MTF utilization (visits, admissions, partnership activity) for the October report.

The analysis provided in the October report will be much more complete than in previous RAND reports; however, it is a comparison of unadjusted data and will not contain the detail that will be provided in the final report on CRI. The final report will have to wait until there is a full year of essentially complete CRI claims data and RAND has been able to analyze the data from the follow-up beneficiary survey. These data will not be available in raw form until Fall 1990 and will require a number of months to adjust and interpret. RAND must also analyze changes in MTF expenditures for both the demonstration and control sites. RAND will commence this effort shortly, but it is unlikely that it will be completed before February 1991.

Given the constraint resulting from the length of the CRI contract (expires 31 January 1993), we believe the expansion decision can and should be made on the October report. Otherwise, too little time will be available to implement and conduct a meaningful expansion.

Senator **Glenn**. Would you ensure that such an evaluation is performed in context to total military health care costs within the demonstration area in other words, not just against CHAMPUS but against the direct care system as the Congressional Budget Office has suggested?

Dr. **Mendez**. While the data referenced above will not allow RAND to directly address changes in MTF costs, it should give some feel for how costs have changed. We hope to have preliminary results from RAND on the overall impact of CRI on MHSS costs beginning in winter 1991.

COMPOSITE HEALTH CARE SYSTEM (CHCS)

Senator **Glenn**. Two of the Navy's operational test and evaluation (OT&E) sites—Charleston, South Carolina, and Jacksonville, Florida—are experiencing major problems with their system. Part of the CHCS system (the inpatient portion) at both sites has been shut down because of these problems. These sites, according to your OT&E plan, were to be under full OT&E as integrated systems in April 1990.

We are already mid-way through the month of May—do you think you can get the problems at Charleston and Jacksonville corrected so that both systems could go through a full OT&E by October 1990?

Dr. **Mendez**. In developing the operational test and evaluation (OT&E) of the Composite Health Care System (CHCS), the approved methodology was that not all tests would be performed at all sites due to time and dollar constraints. However, prerequisites and preconditions were established and these criteria needed to be met before testing and data collection would occur at any Beta site. Any problems encountered with implementing the CHCS at any Beta sites where data is scheduled to be collected may have an impact on OT&E being able to perform its intended system analysis in the proposed time frame. OT&E activities are currently under review to determine if system implementation schedules/problems are impacting the OT&E scope and schedule. Inputs to this review process are being solicited from the Defense Medical Systems Support Center, OT&E contractors, the CHCS vendor, the services, and the Beta sites. This analysis is incomplete. A decision on the scope of the operational test will be made by mid-July.

Senator **Glenn**. How do you respond to a Navy surgeon at Jacksonville who reportedly said that the majority of doctors at an April staff meeting indicated they would be reluctant to admit a relative to the hospital because they believed the computer problems jeopardized patient safety there?

Dr. **Mendez**. Patient safety is a DOD priority. During the Composite Health Care System (CHCS) operational test and evaluation phase (OT&E), the system is being closely monitored and evaluated. Deployment has been limited to ensure the appropriateness of CHCS in military medical facilities prior to a major deployment decision. A goal of the system is to enhance the high quality of care through accessibility of timely information—not endanger it.

Senator **Glenn**. How much money have you spent on CHCS thus far and is the $1.6 billion cost estimated for the entire system accurate?

Dr. **Mendez**. Thus far CHCS has spent the following:

	Millions
Fiscal year 1979-1989	$283.3
Fiscal year 1990 (as of 1 June 1990)	62.3
Total	$345.6

The $1.6 billion cost estimate is calculated in fiscal year 1986 constant dollars and it includes the total systems cost through 2002. Costs to date are in line with those projections.

Senator **Glenn**. What does the $1.6 billion cost consist of? Does it include the cost of the work done by your staff over the past 11 years?

Dr. **Mendez**. The $1.6 billion includes $1.329 billion for the contract services portion, $48.5 million for technical upgrade, $58 million for power and cooling, and $128 million for government cost. The Government cost includes the cost of work done by the services, DMSSC staff, and contractor support. For cost purposes, program costs since 1979 (the past 11 years) are included in the $1.6 billion.

Senator **Glenn**. Congress has placed a $1.1 billion funding limit on CHCS—are you requesting $500 million increase to the limit in your fiscal year 1991 budget request? If so, what is the basis for it?

Dr. **Mendez**. The fiscal year 1991 President's budget submission includes a revised life cycle cost cap figure for the Composite Health Care System (CHCS) of $1.6 billion in constant fiscal year 1986 dollars. The original figure instituted in 1985, and retained since that time without change, was $1.1 billion in fiscal year 1986 dollars. This figure was based on estimated prime contract costs only. Additionally, when the cap was established, the standard life cycle for an ADP system was 8 years.

Since that time, greater specificity in the definition of life cycle has occurred. Specific categories of cost are defined and extended operating periods are required. The current $1.6 billion figure includes all costs associated with the program (prime contract costs and associated government costs) and includes an additional 5-year period added to the life cycle of the program. The estimated costs figure has been revised to reflect an extended operational period for the system, and potential additional benefits occurring over that extended life cycle.

Senator **Glenn**. What would be the total systems cost of CHCS if you included all costs—including developmental work and oversight by DOD staff?

Dr. **Mendez**. The $1.6 billion is the total systems cost from fiscal year 1979 through fiscal year 2002. This includes the cost of software development work and oversight by the DOD staff.

Senator **Glenn**. Who is responsible for directing the CHCS effort on a day-to-day basis on your staff and how many people do you have working on the effort?

Dr. **Mendez**. The Director, Defense Medical Systems Support Center (DMSSC), is responsible for directing the CHCS effort on a day-to-day basis. The DMSSC staff, approximately 100 military and civilian personnel, provides support for a number of DOD systems including the Composite Health Care System.

Senator **Glenn**. Dr. Mendez, DOD plans to deploy CHCS to a wide range of sites from small ones, such as Shaw (40 beds and 174,000 annual clinical visits) to Walter Reed (886 beds and 1,223,000 annual clinical visits).

How cost effective is the deployment of CHCS to the smaller sites, such as Shaw, that make up about two-thirds of your hospitals? It would seem to me that you do not need as elaborate a system for these small sites as you would need at the larger sites where there are several floors and where there are miles of corridors.

Dr. **Mendez**. While the cost effectiveness is still being evaluated through the operational test and evaluation phase, the difference in the costs associated with the deployment of the system by facility is based on the hardware required to support each facility. Therefore, a small facility, requiring fewer devices and other equipment would be sized accordingly. Additionally, the impact of deploying CHCS is being reviewed from a quality of care perspective and an operational perspective in order to assess its value in supporting health care delivery.

CHAMPUS REFORM INITIATIVE

Senator **Glenn**. General Ledford, Admiral Zimble, and General Miller, what are your views on how CRI is working and do you have definitive evidence that CRI is helping you contain overall medical costs in California and Hawaii?

General **Ledford**. DOD and the CRI contractor, the Foundation Health Corporation, have made significant strides in overcoming contract problems involving claims processing, contractor management and resources sharing. Reports I have received indicate these activities along with other program components contribute to a cost effective program. In a preliminary report, the RAND Corporation stated that first year claims payments decreased under CRI. RAND also indicated more data and intensive analyses are needed to ascertain definitively whether CRI caused all of the observed savings. We are waiting for the results of RAND's follow-on evaluation.

Admiral **Zimble**. While I still have concerns about some of the implementation problems encountered by the contractor, I am generally pleased by the positive health benefit impact the CRI demonstration has had. Overall, the feedback from both our beneficiary population and hospital commanding officers has been positive. The program has improved utilization of our staff and facilities, and has improved the beneficiary's situation through decreased cost shares, the addition of preventive medical services (in the PRIME option) and improved access to health care.

Conclusive evidence regarding medical cost containment under CRI has not yet been provided. While the "Preliminary Results from an Evaluation of the CHAMPUS Reform Initiative" from the RAND Corporation indicated that unit costs under the CRI were lower than under standard CHAMPUS, routine CHAMPUS reports show a larger than average unit cost increase in CRI areas compared to the rest of the Nation—unfortunately these reports are based on incomplete data. Until more complete data is available, it will be impossible to arrive at an objective decision on the cost-effectiveness of CRI.

General **Miller**. CRI seems to be working now that most of the initial problems have been fixed. Patients and MTF medical staffs indicate that the program is being received favorably. However, we agree with the GAO and RAND Corporation that it is too soon to evaluate the cost/benefit of the demonstration.

Senator **Glenn**. Gentlemen, how would each of you compare CRI to the Catchment Area Management System (CAMS) demonstrations in terms of effectiveness in overall medical costs containment?

General **Ledford**. CRI and the Catchment Area Management (CAM) projects are different programs; both have had positive impacts on the DOD military health care system. CRI services were initiated 1 August 1988. Under CRI, the CHAMPUS program is implemented by a contractor. The CRI has two main objectives. One is the recapture of CHAMPUS workload in military medical facilities through health care finder/enrollment features and resources sharing. The other is the use of low cost alternative arrangements when care for CHAMPUS eligibles is not available in our medical treatment facilities (MTFs). The RAND Corporation reports CHAMPUS cost growth slowed significantly in California and Hawaii during the first year of the demonstration. Under the CAM projects, the MTF commander is the single catchment area manager for care within the direct care system and for CHAMPUS. The single manager concept enables the commander: to balance MTF workload with civilian sector/other services, to realistically monitor and assess CHAMPUS costs and utilization and to select and implement alternative arrangements to maximize the use of scarce resources. Army's CAM projects were initiated at Fort Sill, Oklahoma, 1 August 1989 and at Fort Carson, Colorado, 1 October 1989. We project fiscal year 1990 cost avoidances of $1.6 million at Fort Sill and over $1 million at Fort Carson. Under CAM, the fiscal year 1990 direct care system workload increased by more than 10 percent in the first quarter of fiscal year 1990 compared to the first quarter of fiscal year 1989. Generally, health care costs less within the Army direct care system than in the civilian sector under CHAMPUS.

Admiral **ZIMBLE**. There is insufficient CRI performance data to evaluate and allow a valid comparison of these two approaches in terms of ability to contain costs.

General **MILLER**. It is too soon to evaluate the effectiveness in overall medical cost containment for either program.

Senator **GLENN**. Gentlemen, if you were given a choice between the two at this point in time which would you elect?

Shouldn't the CRI and CAM demonstrations be evaluated in tandem to see which one works best or if combinations are appropriate?

General **LEDFORD**. I believe both CAM and CRI have merits and that both managed care programs have produced positive impacts on the DOD health care systems. Given a choice, I would elect CAM projects as the managed care model within catchment areas (where about 70 percent of Army's CHAMPUS dollars are spent). I would elect CRI as the managed care model outside of catchment areas (where about 30 percent of Army's CHAMPUS dollars are spent). I hasten to add that some features of both projects should be included in each model, that is, within and outside catchment areas. These include enrollment, a feature which should be expanded in both models, and continued sharing of resources with other Federal and civilian sector entities. Strong marketing activities (aimed at beneficiaries/providers) and utilization review activities are other features which should continue to ensure maximum cost containment.

The RAND Corporation is the evaluator for both the CRI and the CAM demonstration projects. Having one evaluator for both projects ensures a measure of comparability in the evaluative process. The DOD demonstration program is designed to test innovations to help us decide whether to replicate projects, or portions thereof, in other facilities. It should not be necessary to test the innovation at every site prior to standard implementation.

Admiral **ZIMBLE**. Again, it is too early for an objective decision based on actual cost control and the lack of performance data. If I had to make a decision, it would be to go with the CAMs approach. This would be based on my preference for a system that offers more management control to the services. While CRI offers one approach, it is accompanied by substantial development and overhead costs which may offset savings. The several CAMs approaches are still evolving, but they require a much smaller investment and I am satisfied that the Navy approach in Charleston has demonstrated an excellent potential for providing cost effective health care using an information driven management system, enrollment, and utilization management. The potential of the CAMs concept is limited only by the size and competitiveness of the local civilian market.

I agree completely. With the RAND Corporation performing the evaluation of both the CRI and CAM, a comparative analysis should be possible. While a choice between a macro and micro approach is inevitable, we have already discovered elements of each approach which are applicable universally and are exporting them now for maximum benefit (Health Care Finder from CRI, and the Catchment Area Management Information System from our CAMs demo). The final evaluation should likewise provide an approach that uses the best elements of each demonstration when they are compatible.

General **MILLER**. The Air Force continues to support CAMs as the best program to manage local health care for all our beneficiaries within the MTF catchment areas. However, we would not object to some type of CRI program for outside of the MTF catchment areas.

Yes, I agree. We need to take the lessons learned and the successes from both CRI and CAMs before we expand CRI or begin any new demonstrations.

COMPOSITE HEALTH CARE SYSTEM (CHCS)

Senator **Glenn**. General Ledford, Admiral Zimble, and General Miller, how committed is each of your services in supporting and funding the full deployment of CHCS?

According to GAO, the Army and Navy have cut outyear procurement funds for CHCS by $12 million and $15 million respectively in budget action on the fiscal year 1991 DOD authorization request. General Ledford and Admiral Zimble, what were the reasons for this?

General **Ledford**. The Army is committed to the deployment of all CHCS capabilities to Army hospitals within available resources. Current plans call for support in the areas of deployment, training, and benefits realization. However, this planned effort must be reduced since outyear funding for CHCS within the Army has been cut. This reduction was, in part, to support the implementation of the Corporate Information Management program. Additional reductions were necessitated by decreases in the Army's overall funding posture.

Admiral **Zimble**. The Navy is fully committed to the deployment of CHCS. Our primary concern during fiscal year 1991 is the replacement of 19 Initial Operating Capability (IOC) systems located at our six largest facilities with equivalent modules of CHCS. Beginning in fiscal year 1992, we plan to phase implementation of full CHCS functionality at these six facilities and commence installing the remaining facilities.

The Navy has restored the outyear funding. As I said before, the current budget profile for CHCS supports a phased implementation of full CHCS functionality.

General **Miller**. Our larger medical treatment facilities desperately need a modern, integrated, automated system. We fully support this requirement and believe CHCS, or a subsection thereof, to be the appropriate technical solution. At this point however, we do not feel CHCS is mature enough or the cost information accurate enough to decide if it should be "fully deployed." We do have high hopes for CHCS, but until it has proven itself in its entirety, I do not want to commit to full deployment. In the interim, however, I do feel that several of the modules of CHCS are proven enough so that at least deployment of those modules should be expedited.

MEDICAL PROGRAMS, SENATE ARMED SERVICES COMMITTEE

Senator **Glenn**. Gentlemen, I think you will agree with me that we need to carefully think through what it is we want CHCS to be able to do at this point and how much money we want to continue to spend on it. I have not foreclosed any options in my mind at this point. However, I believe we need a thorough, complete OT&E before any deployment decisions are made. So I look forward to your report on this, especially in light of the fiscal constraints on the DOD budget and the relationship of CHCS to the enhancement of the combat efficiency of our forces. Any comments?

General **Ledford**. I certainly agree that a thorough OT&E evaluation of the system is desirable. More emphasis should be placed upon those functions with which we have not had previous experience such as nursing functions. Those core functions which have been in use in military hospitals for many years have already proved their benefit and our knowledge of how to use these applications is fairly complete. The comparable CHCS functions have proved to be even more beneficial than the systems they replaced. The OT&E experience to date has been invaluable in identifying methods, improvements and ways to identify and communicate lessons learned to other sites and should be carried through to conclusions.

Admiral **Zimble**. Again, I agree that a thorough and complete OT&E must be performed before any deployment decisions can be made. And this we intend to do. Recognizing that resources will continue to be constrained in the future, certainly the benefits of a partial CHCS (minus health care provider order entry) will continue to be explored. We will continue to investigate commercial off-the-shelf solutions which may satisfy some or all of our requirements. We will also closely monitor the Veterans' Administration medical automation program experience.

General **Miller**. I agree we need a thorough OT&E before "full blown" CHCS is deployed. However, many of our facilities have an urgent need for automated support in patient administration, patient appointment and scheduling, laboratory, pharmacy, and radiology. I believe that the functionality of these CHCS modules is mature enough to implement them in a selected, integrated fashion at those sites where the need is greatest. I would hate to delay helping those sites with immediate needs pending the OT&E of the entire CHCS. Given the fiscal constraints under which CHCS is being implemented, let me assure you these systems will be installed with a great degree of careful planning and only in our facilities where they are absolutely needed to provide timely and quality health care services.

CHAMPUS DEDUCTIBLE

Senator GLENN. General Ledford and Admiral Zimble, you note that the CHAMPUS deductible has not changed since 1966 and that this contributes to increased utilization. Should we increase the deductible, and if so, by how much?

General LEDFORD. A change in the deductible is a change in beneficiary entitlement. I do not recommend changing the deductible. The marked increase in deductibles and copayments in civilian health plans makes CHAMPUS a preferred insurance plan for some military beneficiaries, particularly retirees who were previously enrolled in these other programs. This helps to explain the increased CHAMPUS utilization and its associated costs.

Admiral ZIMBLE. We should study the impact of increasing deductibles not only on Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) cost containment, but also the impact of increases in deductibles regarding recruitment and retention. CHAMPUS benefits must be viewed as part of the total military compensation package. Current out of pocket costs, including deductibles, coinsurance, and excess charges, vary significantly by paygrade (as a percent of pay), and are regressive when viewed as a percent of basic military compensation. Any changes we make concerning deductibles should not hurt the paygrades who can least afford to pay for these changes, and should not adversely affect our recruiting and retention goals.

Senator GLENN. Do you have any projections of the impact this would have on CHAMPUS utilization? If the deductible were increased from $50 to $150 or $200—what do you project that would do to CHAMPUS cost growth?

General LEDFORD. We cannot say precisely what impact changing the deductible would have on CHAMPUS utilization, although it would certainly be decreased to some extent. A formal study would help to establish that relationship. A demonstration in a catchment area could serve to determine if a correlation exists and its impact on CHAMPUS cost growth.

Admiral ZIMBLE. An October 1978 RAND Corporation study predicted that if the individual deductible were raised from $50.00 to $100.00, CHAMPUS utilization would be between 89 percent and 92 percent of utilization at the $50.00 level. The study showed that if the individual deductible were raised from $50.00 to $200.00, CHAMPUS utilization would be reduced to 85 percent of utilization at the $50.00 level.

MEDICAL PROGRAMS, SENATE ARMED SERVICES COMMITTEE

Senator GLENN. DOD plans to deploy CHCS to a wide range of sites from small ones, such as Shaw (40 beds and 174,000 annual clinical visits) to Walter Reed (886 beds and 1,223,000 annual clinical visits).

How cost effective is the deployment of CHCS to the smaller sites, such as Shaw that make up about two-thirds of your hospitals? It would seem to me that you don't need as elaborate a system for these small sites as you would need at the larger sites where there are several floors and where there are miles of corridors.

General Ledford, Admiral Zlmble, and General Miller—what are your thoughts on this?

General LEDFORD. In the aggregate, Army sites are larger than those in the other services. In general, the Army has found that automation of clinical activities at smaller sites is beneficial when the system is sized appropriately to the workload to be performed. The CHCS allows the integration of smaller facilities into a geographical region sharing patient data among those facilities in which a patient will be seen. Tripler Army Medical Center and the Island of Oahu is a prime example. In these instances, the system returns tremendous benefits to small facilities. The Army expects to realize significant quality of care benefits from CHCS in treatment facilities of all sizes.

Admiral ZIMBLE. As you are aware, the Department of Defense has established an Operational Test and Evaluation Review Group (OTERG), for which I serve as chairman, to assess the relative merits of CHCS to the medical environment. A key component of OT&E is the conduct of a benefits assessment which measures actual and anticipated benefits against the projected life cycle costs. While it is true that we anticipate the highest return on investment from larger medical facilities, there is not enough information to postulate with certainty the size of the facility which CHCS may or may not be cost effective. I might add, however, that CHCS is a modularly designed integrated system. If complete functionality proves to be cost prohibitive at smaller sites, it is still possible to selectively install only the cost effective modules.

General MILLER. I agree that we probably do not need as elaborate a system at our small sites as at the larger ones. That is partially why we are testing CHCS at Shaw. Upon completion of the Beta Test we will be in a position to better determine the cost-effectiveness of full deployment of CHCS. However, we do feel that even our smaller facilities need some automation support. We are investigating an implementation approach whereby we would implement only those CHCS modules at any given site that are known to be cost-effective. For the smaller sites, this may mean only the Patient Administration, Appointing and Scheduling, Laboratory and Pharmacy modules would be implemented. The larger sites may have full CHCS and the medium sites somewhere in between.

QUESTIONS SUBMITTED BY SENATOR CARL LEVIN

DIAGNOSIS OF PERSONALITY DISORDERS

Senator LEVIN. General Ledford, Admiral Zimble, and General Miller: My concern is about potential misuse, possibly punitively, of the diagnosis "personality disorder". This diagnosis, as you know, results in an administrative discharge rather than a medical board proceeding. It may take place in a very short span of time and yet such a label may cause a lifetime of problems for the individual being separated from service. Future meaningful employment may be impossible.

Research suggests that persons who have personality disorders manifest them early in life and they are likely to color all aspects of interpersonal relationships. Questions arise when the diagnosis is made after several years of successful military service. Questions also arise if it appears that the psychiatrist or psychologist diagnosing the service fails to obtain an adequate pre-military history.

With these in mind: Please provide for the Army, Air Force, and Navy the following statistics for the years 1985–1989:

The number of personnel who were separated with a diagnosis of personality disorder.

The length of service and of those individuals.

Criteria acceptable to the Department of Defense for a diagnosis of personality disorder.

General LEDFORD. Since fiscal year 1985, a total of 10,024 soldiers have been administratively discharged for personality disorder. There were 1,023 discharges in fiscal year 1985, 1,846 in fiscal year 1986, 2,314 fiscal year 1987, 2,403 in fiscal year 1988, and 2,438 in fiscal year 1989.

Data is provided from fiscal year 1989 on length of service and pay grade upon discharge. The table below displays this information. Pay grade is on the horizontal axis, while years in service is on the vertical axis. Officer personnel displaying personality disorders do not receive administrative separations in the same way as enlisted personnel.

	E1	E2	E3	E4	E5	E6	E7	E8	E9
0–1	644	611	402	44	1	0	0	0	0
1–2	20	33	82	140	1	0	0	0	0
2–3	8	6	26	107	6	0	0	0	0
3–4	1	7	11	59	17	0	0	0	0
4–5	0	1	8	47	19	1	0	0	0
5–6	1	0	4	19	14	1	0	0	0
6–10	0	1	2	27	31	15	0	0	0
10–15	0	1	0	1	6	9	2	0	0
> 15	0	0	0	0	1	0	1	0	0
TOTAL	674	660	535	444	96	26	3	0	0

The Army utilizes the criteria of the nationally accepted Diagnostic and Statistical Manual 3-R, for Personality Disorder. Personality Disorder is defined as a spectrum of 12 discreet diagnostic disorders. Within this spectrum there is considerable variation in their clinical presentation and individual impact. Each individual personality disorder diagnosis may also express itself with mild, moderate or severe symptoms. An individual's personality disorder is reactive to environmental stresses and may have periods of exacerbation and remission depending upon occupational, personal, family, etc. situations. Soldiers with personality disorders of the mild type under certain circumstances may provide satisfactory service. For this reason administrative separation is dependent primarily on duty performance as determined by the individual's commander. However, as noted above, as the individual's situation changes, the symptoms of the personality disorder may become unmasked or simply increases in severity such that their duty performance becomes unacceptable and counseling is ineffective. It is at this time the individual is likely to be administratively separated from the Army.

Admiral ZIMBLE a. The numbers reflect those officers and enlisted personnel who were separated for personality disorders either by an administrative board decision or involuntarily.

U. S. Navy Separations
Number of Personality Disorders of Related Mental Conditions
for Fiscal Years 1985-1989

	FY 85	FY 86	FY 87	FY 88	FY 89
Navy	942	886	1,513	2,266	3,321
Marine Corps	1,335	1,359	2,005	2,793	4,213

Source: Enlisted Master Records (EMR) and Officer Master File (OMF), May 1989.

b. Information not currently available. The data has been requested and a final response will be provided by 13 July 1990.

c. When individuals are being evaluated for possibly having a personality disorder, each person has a comprehensive psychiatric and medical examination, consultation and differential diagnosis performed by a clinically competent, health care provider (psychiatrist or psychologist) who is State licensed as per the Bureau of Medicine and Surgery instruction 6320.66. Additionally, the diagnostic criteria for Personality Disorders acceptable to the Department of Defense is the Diagnostic Statistical Manual (DSM-III-R).

General MILLER. The following is provided:

Air Force Separations - Officer (Personality Disorder)

FY YEAR	RANK/YEARS OF SERVICE		TOTAL
1985	1LT	2	1
1986	Capt	10	1
1987	Major	12	1
1988	Capt	9	1
		11	1
1989	Capt	10	1
			6

Air Force Separations - Enlisted (Personality Disorder)

FY 1985

RANK/YEARS OF SERVICE		TOTAL	RANK/YEARS OF SERVICE		TOTAL
E-1	1	8	E-4	2	6
	2	1		3	38
	3	1		4	31
				5	27
		10		6	24
				7	10
E-2	1	44		8	3
	2	5		9	2
	3	2		11	1
		51			142
E-3	1	101	E-5	1	1
	2	89		4	6
	3	31		5	6
	4	2		6	7
	5	3		7	8
	7	1		8	6
	8	1		9	[illegible]
				10	4
		228		11	2

Air Force Separations - Enlisted
(Personality Disorder)

Continuation FY 1985

RANK/YEARS OF SERVICE		TOTAL
	13	3
	14	3
	15	1
		49

RANK/YEARS OF SERVICE		TOTAL
E-6	10	1
	11	1
	12	1
		3

FY 1986

RANK/YEARS OF SERVICE		TOTAL
E-1	1	13
	2	1
	6	1
		15
E-2	1	94
	2	11
	3	2
	6	1
		108
E-3	1	112
	2	84
	3	19
	4	3
	5	5
	6	2
	8	1
		226

RANK/YEARS OF SERVICE		TOTAL
E-4	2	2
	3	37
	4	31
	5	33
	6	14
	7	7
	8	1
	9	3
	11	1
	15	1
		130
E-5	4	2
	5	1
	6	4
	7	10
	8	11
	9	[illegible]
	10	[illegible]
	11	[illegible]

Air Force Separations - Officer
(Personality Disorder)

Continuation - FY 86

RANK/YEARS OF SERVICE		TOTAL
E-5	12	2
	13	4
	14	1

RANK/YEARS OF SERVICE		TOTAL
E-6	11	2
	13	1
	15	1
	18	1
		5

RANK/YEARS OF SERVICE		TOTAL
E-1	1	12
	2	2
		14
E-2	1	111
	2	8
	3	2
		121
E-3	1	95
	2	84
	3	19
	4	4
	5	1
	6	4
		207

FY 1987

RANK/YEARS OF SERVICE		TOTAL
E-4	2	9
	3	30
	4	20
	5	26
	6	27
	7	13
	8	2
	9	1
	10	1
	13	2
		131

Air Force Separations - Enlisted (Personality Disorder)

FY 1987

Continuation FY 87

RANK/YEARS OF SERVICE		TOTAL
E-5	4	2
	5	2
	6	4
	7	11
	8	9
	9	6
	10	5
	11	4
	12	3
	13	2
	14	2
	15	3
	17	1
		54

RANK/YEARS OF SERVICE		TOTAL
E-6	11	1
	12	1
	14	1
	17	1
		4
E-7	18	1
		1

FY 1988

RANK/YEARS OF SERVICE		TOTAL
E-1	1	8
	2	1
		9
E-2	1	114
	2	7
	3	3
		124

RANK/YEARS OF SERVICE		TOTAL
E-3	1	146
	2	126
	3	23
	4	2
	5	1
	6	2
	7	2
	8	1
	11	1
		304

Air Force Separations - Enlisted
(Personality Disorder)

FY 1988

RANK/YEARS OF SERVICE		TOTAL
E-4	2	10
	3	35
	4	30
	5	23
	6	23
	7	13
	8	4
	9	6
	10	2
	11	1
	15	1
		148
E-5	4	2
	5	1
	6	7
	7	7
	8	11
	9	9

RANK/YEARS OF SERVICE		TOTAL
E-5	10	6
	11	5
	12	5
	13	5
	14	2
		60
E-6	7	1
	14	1
	16	1
		3
E-7	11	1
		1

FY 1989

RANK/YEARS OF SERVICE		TOTAL
E-1	1	7
	2	2
		9

RANK/YEARS OF SERVICE		TOTAL
E-2	1	81
	2	5
	3	2
	4	1
		89

Air Force Separations - Enlisted
(Personality Disorder)

Continuation FY 1989

RANK/YEARS OF SERVICE		TOTAL	RANK/YEARS OF SERVICE		TOTAL
E-3	1	97	E-5	5	2
	2	106		6	4
	3	18		7	8
	4	1		8	7
	5	4		9	6
	6	6		10	3
	8	2		11	5
				12	5
		234		14	2
				15	2
E-4	2	17		16	1
	3	54			
	4	28			45
	5	11			
	6	16			
	7	13	E-6	9	1
	8	7		10	1
	9	3		19	1
	10	1			
	12	1			3
		151			

General **Miller**. The Air Force accepts the criteria in the American Psychiatric Association's Diagnostic and Statistical Manual of Mental Disorders, third edition, published in 1987. Their criteria are as follows:

Personality Disorders—Personality traits are enduring patterns of perceiving, relating to, and thinking about the environment and oneself, and are exhibited in a wide range of important social and personal contexts. It is only when personality traits are inflexible and maladaptive and cause either significant functional impairment or subjective distress that they constitute Personality Disorders. The manifestations of Personality Disorders are often recognizable by adolescence or earlier and continue throughout most of adult life, though they often become less obvious in middle or old age.

The diagnostic criteria for the Personality Disorders refer to behaviors or traits that are characteristic of the person's recent (past year) and long-term functioning since early adulthood. The constellation of behaviors or traits causes either significant impairment in social or occupational functioning of subjective distress.

Many of the features characteristic of the various Personality Disorders, such as Dependent, Paranoid, Schizotypal, or Borderline Personality Disorder, may be seen during an episode of another mental disorder, such as Major Depression. The diagnosis of a Personality Disorder should be made only when the characteristic features are typical of the person's long-term functioning and are not limited to discrete episodes of illness.

Diagnosis of Personality Disorders in Children and Adolescents—Certain Personality Disorders are related to corresponding diagnostic categories in the section Disorders Usually First Evident in Infancy, Childhood, or Adolescence. The corresponding disorders are as follows:

Disorders of Childhood or Adolescence—Conduct Disorder; Avoidant Disorder of Childhood or Adolescence; Identity Disorder.

Personality Disorders—Antisocial Personality Disorder; Avoidant Personality Disorder; Borderline Personality Disorder.

The diagnosis of Conduct Disorder, rather than Antisocial Personality Disorder, should be made if the person is under 18, since studies have indicated that many children with prominent behavior do not continue to exhibit antisocial behavior in adulthood. (Conduct Disorder may be diagnosed in adults when the full criteria for Antisocial Personality Disorders are not met.)

Avoidant Personality Disorder and Borderline Personality Disorder should be diagnosed in children and adolescents, rather than corresponding childhood categories if the Personality Disorder criteria are met, the disturbance is pervasive and persistent, and it is unlikely that it will be limited to a developmental stage.

The other Personality Disorder categories may be applied to children or adolescents in those unusual instances in which the particular maladaptive personality traits appear to be stable. When this is done, there is obviously less certainty that the Personality Disorder will persist unchanged over time into adult life.

Associated Features—Frequently the person with a Personality Disorder is dissatisfied with the impact his or her behavior is having on others or with his or her inability to function effectively. This may be the case even when the traits that lead to these difficulties are ego-syntonic, that is, are not regarded by the person as undesirable. In other cases, the traits may be ego-dystonic, but the person may be unable to modify them despite great effort.

Disturbances of mood, frequently involving depression or anxiety, are common, and may even be the person's chief complaint.

Age at onset and course—As noted above, Personality Disorders by definition generally are recognizable by adolescence or early adult life and are characteristic of most of adult life.

Impairment—There may be marked impairment in social and occupational functioning. When occupational functioning is impaired, the impairment is usually sustained but may be episodic and take the form of recurrent periods of work inhibition (e.g., "writer's block"). With the exception of Antisocial, Schizetypal, and Borderline Personality Disorders, people with Personality Disorders rarely require hospitalization unless there is a superimposed disorder, such as a Psychoactive Substance Use Disorder or Major Depression.

Specific Personality Disorders—Traditionally, in diagnosing Personality Disorders, the clinician has been directed to find a single specific Personality Disorder that adequately describes the person's disturbed personality functioning. Frequently this can be done only with difficulty, since many people exhibit traits that are not limited to a single Personality Disorder. In this manual, diagnoses of more than one Personality Disorder should be made if the person meets the criteria for more than one.

The Personality Disorders have been grouped into three clusters. The first cluster, referred to as cluster A, includes Paranoid, Schizoid, and Schizotypal Personality Disorders. People with these disorders often appear odd or eccentric. Cluster B includes Antisocial, Borderline, Histrionic, and Narcissistic Personality Disorders. People with these disorders often appear dramatic, emotional, or erratic. Cluster C includes Avoidant, Dependent, Obsessive Compulsive, and Passive Aggressive Personality Disorders. People with these disorders often appear anxious or fearful. Finally, there is a residual category, Personality Disorder Not Otherwise Specified, that can be used for other specific Personality Disorders or for mixed conditions that do not qualify as any of the specific Personality Disorders described above.

Questions Submitted by Senator Pete Wilson

COMPOSITE HEALTH CARE SYSTEM (CHCS)

Senator Wilson. Dr. Mendez, funding responsibility for CHCS is tentatively scheduled to revert to the services in 1992 despite at least two prior congressional directions that both the financial and administrative functions for this critical program remain within your office.

Have you and your staff reopened this question for further study?

As part of your reassessment, will you examine the question of whether the continuation of a centralized funding and policy arrangement for this program will expedite the testing, evaluation, and installment of CHCS equipment at a reasonable cost?

Dr. **Mendez**. Health Affairs intends to raise the issue of central funding during the Department's formation of the fiscal year 1992 budget.

If the centralization of CHCS is not reinstated, it may be difficult to: (1) have a coordinated plan for deployment, thus potentially decreasing the services' opportunities to realize program benefits; and (2) efficiently manage the central deployment contract, thus potentially increasing costs and reducing benefits.

[Whereupon, at 12:20 p.m., the subcommittee was adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 1991

WEDNESDAY, JUNE 20, 1990

U.S. SENATE,
SUBCOMMITTEE ON MANPOWER AND PERSONNEL,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

INVOLUNTARY SEPARATION PAY AND OTHER COMPENSATION AND TRANSITION BENEFIT PROPOSALS; INCREASED AND SPECIAL BENEFITS TO INDIVIDUALS INVOLUNTARILY SEPARATED FROM THE ARMED FORCES

The subcommittee met, pursuant to notice, at 9:42 a.m., in room SR-232A, Russell Senate Office Building, Senator John Glenn (chairman of the subcommittee) presiding.

Committee members present: Senators Glenn, Nunn, Exon, Warner, McCain, and Lott.

Also present: Representative Slattery.

Committee staff members present: Arnold L. Punaro, staff director; and Lucia M. Chavez, research assistant.

Professional staff members present: David S. Lyles and Frederick F.Y. Pang.

Minority staff members present: Patrick A. Tucker, minority staff director and counsel; and George W. Lauffer, professional staff member.

Staff assistants present: Debra A. Rice and Mickie Jan Wise.

Committee members' assistants present: Andrew W. Johnson, assistant to Senator Exon; William J. Lynn, assistant to Senator Kennedy; Phillip P. Upschulte, assistant to Senator Glenn; Melvin G. Dubee, assistant to Senator Byrd; Anthony H. Cordesman, assistant to Senator McCain; Charles G. Pearcy, assistant to Senator Lott; and Eric H. Thoemmes, assistant to Senator Coats.

OPENING STATEMENT OF SENATOR JOHN GLENN, CHAIRMAN

Senator GLENN. The hearing will be in order. The Subcommittee on Manpower and Personnel of the Committee on Armed Services meets today to receive testimony on proposals to provide involuntary separation pay and other compensation and transition benefits to military personnel who may be separated from active duty short of retirement eligibility.

I think all of us know that current defense plans call for a very substantial reduction and restructuring of our military forces over the next few years. The numbers have not been set in concrete yet, on either side of the Potomac. But I believe it is safe to say that we are looking at an active duty manpower reduction of probably somewhere around 25 percent by the end of fiscal year 1995 compared to today's levels.

Given this outlook and the possibility that the manpower reduction could be even bigger, 30 to 40 percent by 1996 depending on what happens, I believe we must provide military personnel managers with the necessary tools to effect these reductions prudently.

At the same time I believe we must provide fair compensation to those career military personnel who are involuntarily separated from active duty short of attaining eligibility for retirement.

Both Senator Cohen and Senator McCain have introduced legislation aimed at providing such compensation. As I have indicated on the floor of the Senate, I appreciate their concern that we provide fair treatment to the men and women in uniform who would be forced out of active duty because the all-volunteer force is being reduced.

I know we have a much different force now than we had in other periods in which our military forces were drawn down, the most recent being the post-Vietnam reduction, in which the active duty force was cut back by 20 percent over only three years. But in that reduction many of the personnel who were released from active duty were draftees who wanted to leave, preferred to leave, wanted to get out.

Since then we have gone to an all volunteer force. And I dare say that if we still have any draftees on active duty, they converted to career status over 20 years ago. So we have an active duty force today that is much more committed to a career in the military than we have been faced with in times past when we wanted to draw down.

That tells me that as we draw down the force over the next few years, the military services cannot rely solely on the same mechanisms they used to draw down active duty strength in the past. At the same time, the system of compensation for personnel who are laid off in the civilian sector has evolved to a point now that there are substantial support systems in place for most of those people.

For example, the ERISA, the Employee Retirement Income Security Act was enacted in 1974. It has undergone several enhancing revisions. That act provides for the vesting of employees into pension plans after a minimum of 5 years employment, and for the portability of this benefit. There is no similar benefit for military personnel.

Also, the Consolidated Omnibus Reconciliation Act, COBRA as it is called, of 1985 contains provisions that require private sector employers to offer a separating employee the option of continuing to be covered under the group medical insurance plan of the employer at the employee's expense; it is an option.

A similar plan is currently available to separating military personnel. This plan is called the Uniform Services Voluntary Insurance Program, USVIP. The program allows separating military personnel the option of purchasing group medical insurance coverage for themselves and their families.

However, unlike the COBRA program for civilians, the USVIP does not cover preexisting medical conditions or pregnancy as the COBRA program does.

The point I want to make with these two examples is to highlight the disparity between the involuntary separation compensation and benefits provided for in law for civilian and military personnel. I do not agree that they should just automatically be the same.

However, I do argue that we need to carefully review the basic packages we provide to both groups to make sure our military personnel and their families are treated as well as we treat civilian employees who are given the pink slip.

At this point, without objection, I want to include in the record a fact sheet provided by the Department of Defense which sets out current DOD involuntary loss management authorities and policies and the compensation and benefits to which separating military personnel are entitled.

[The prepared fact sheet of the Department of Defense follows:]

DoD Involuntary Loss Management Authorities/Policies
and
Compensation and Benefits

1. Loss Management Authorities/Policies By Year of Service (YOS):

a. Officers:

YOS 1-5 ***-Probationary Regular Officers (10 U.S.C. 630):*** Secretaries of the Military Departments may discharge any Regular officer who has less than 5 years of active commissioned service.

YOS 1-17 ***-Release of Reserves from Active Duty (10 U.S.C. 681):*** Secretaries of the Military Departments may at any time release a Reserve officer from active duty--by policy, generally restricted to officers with less than 10 years of service and used in conjunction with integration into the Regular forces and voluntary early release programs.

-Regular Officer Failure of Selection for Promotion:

YOS 2-4 ***To O-2 (10 U.S.C. 630):*** Officers found not qualified for promotion to O-2 must be discharged after an 18-month period beginning when the officer was first found not qualified for promotion.

YOS 4-6 ***To O-3 (10 U.S.C. 631):*** Officers who fail selection for promotion twice to the grade of O-3 must be discharged not later than 7 months after the selection board, which considered the officer for the second time, is approved.

YOS 9-17 ***To O-4 & O-5 (10 U.S.C. 632):*** Officers who fail selection for promotion twice to the grade of O-4 or O-5 may be discharged 7 months after the selection board, which considered the officer for the second time, is approved, unless the officer is within 2 years of qualifying for retirement. Per 10 U.S.C. 637, however, these officers may be continued on active duty to 20 years of service if an O-3, and 24 years if an O-4. By policy, O-4s have always been continued if they are within 6 years of retirement eligibility.

-Selective Early Retirement (10 U.S.C. 638):

YOS 22-27 ***O-5s:*** Officers in the grade of O-5 who fail selection for promotion twice to the grade of O-6 may be retired 7 months after a Selective Early Retirement Board, which considered the officer, is approved.

YOS 24-29 ***O-6s:*** Officers in the grade of O-6 who have served 4 years in that grade may be retired 7 months after a Selective Early Retirement Board, which considered the officer, is approved.

YOS 25-35 ***O-7/8s:*** Officers in the grade of O-7 or O-8 who have served 3 and 1/2 years in that grade may be retired 10 months after a Selective Early Retirement Board, which considered the officer, is approved.

-Mandatory Retirement for Years of Service:

YOS 28 ***O-5s (10 U.S.C. 633):*** Officers in the grade of O-5 who are not on a promotion list must be retired after completing 28 years of active commissioned service, unless continued (see note).

YOS 30 ***O-6s (10 U.S.C. 634):*** Officers in the grade of O-6 who are not on a promotion list must be retired after completing 30 years of active commissioned service, unless continued (see note).

YOS 30-40 ***O-7/8s (10 U.S.C. 635 & 636):*** Officers in the grade of O-7 or O-8 who are not on a promotion list must be retired 5 years after appointment or, if later, at 30 years of active commissioned service for an O-7 and 35 years for an O-8.

NOTE: Per 10 U.S.C. 637, O-5s/6s may be continued past mandatory retirement if recommended by a continuation board convened by the Secretary of the Military Department. O-7s and O-8s may be continued by the Secretary of the Military Department. O-9s/10s may be continued by the President.

b. ***Enlisted Personnel (10 U.S.C. 680 & 1169):*** Regular enlisted members may be involuntarily separated as prescribed by the Secretary of the Military Department. Reserve enlisted members may be involuntarily separated if recommended by a board of officers appointed by authority designated by the Secretary of the Military Department. Through Service policies, reductions are achieved through a combination of reduced accessions, voluntary separations, involuntary separations, and early retirements. The following forms of involuntary actions are generally used to meet the needs of the Services:

YOS 1-6 ***-Denied Reenlistment:*** Service member is qualified but not permitted to reenlist. Denied reenlistment is also used in conjunction with a reduced term of enlistment--generally affects first term service members only.

YOS 6-12 & YOS 20+ ***-High Year of Tenure:*** Service member must be separated if a designated grade is not achieved in a specified number of years. Terms vary based on the needs of the Service.

YOS 9-16 ***-Reduction in Force (RIF):*** Through board action, service members are selected for release from active duty.

YOS 20+ ***-Selective Early Retirement Board (SERB):*** Through board action, eligible service members are selected for early retirement.

2. *Compensation & Benefits Unique to Involuntary Separations:*

a. ***Separation Pay (10 U.S.C. 1174):*** Regular officers, Reserve officers, and Reserve enlisted personnel, involuntarily separated or denied an additional term of service, who have 5 or more, but fewer than 20 years of active service, are entitled to separation pay, up to a maximum of $30,000. Amount of entitlement is based on the following formula:

Separation Pay = 10% of Annual Basic Pay Xs Years of Service

b. ***Waiver of Continuous Active Duty Requirement for Educational Assistance (38 U.S.C. 1411 & 1412):*** Service members who are involuntarily separated for the convenience of the Government as a result of a force reduction are exempt from the continuous active duty requirement for entitlement to educational assistance under Chapter 30 of Title 38 U.S. Code.

3. *DoD Compensation & Benefits Available to All Separations/Retirements:*

a. ***Shipment of Household Goods (37 U.S.C. 406):*** Authorizes members to ship household goods at the weight limits prescribed, based on grade and dependency status.

b. ***Travel & Transportation Allowances (37 U.S.C. 404):*** Authorizes travel and transportation allowances for members and their families upon separation. Travel and transportation allowances for military members fall into three categories: (1) member travel, (2) dependent travel, and (3) transportation of household goods.

c. ***Payments for Unused Accrued Leave (37 U.S.C. 501):*** Based on a 1976 change in the law governing leave, members may cash in up to 60 days of leave during an entire career. A "save pay" provision protected the leave which members had accrued at the time the law was changed. Members who have no "save pay" accrued leave are paid only basic pay when they cash in their leave. Payment for "save pay" leave includes basic pay at the member's current rate of pay, BAS, and BAQ which are paid at the rates authorized in law prior to the 1976 change.

d. ***Uniformed Services Voluntary Insurance Plan (USVIP) (10 U.S.C. 1072 & 1086):*** In April 1988, DoD announced implementation of this health insurance plan. DoD has a Letter of Understanding with Mutual of Omaha Insurance Company to provide this plan to separating service members, their families, and children of active duty and retired members (at age 21, or 23 if students) who lose eligibility for military medical benefits. Section 1086 extends the period of eligibility for health insurance for certain unremarried former spouses.

e. ***Transition Assistance Program (TAP) (38 U.S.C. 2000 Note):*** The Military Departments, in cooperation with the Department of Labor and Veteran Affairs, have developed a pilot program that began in May 1990 at 18 installations in 7 states. Called the Transition Assistance Program (TAP) and mandated by Congress, the Department of Labor funds and conducts 3-day workshops that provide career guidance and labor market information to separating military personnel. Further expansion of TAP requires congressional approval and appropriation of resources.

f. ***Retired Pay (Chapter 71, Title 10):*** Service members eligible for retirement (normally 20 years of service) are paid retired pay in accordance with the formulas in Chapter 71 of Title 10 which are based on basic pay, years of service, and when a member entered the Service.

g. ***Miscellaneous Service Programs:*** All of the Services provide a variety of services such as legal assistance, medical examinations, and counseling on new careers, finances, education, and veterans' rights and benefits. In addition to information about membership in the Selected Reserves, many installations also link service members to the unit's education center and library, the civilian personnel office, educational institutions, job fairs, and local veteran and community organizations. These services are available to members while they are preparing for separation or retirement. Availability of these services will vary by Service and geographic area.

4. *Federal Benefits for Veterans & Dependents--Department of Veterans Affairs (VA):*

The Department of Veteran Affairs provides a wide range of benefits to veterans and their families. Among the most visible VA benefits are the GI Bills which provide educational assistance, GI Loans, Veterans Group Life Insurance, and employment assistance. Many other programs, however, provide a variety of services in the areas of health care, counseling, job training, death and survivor benefits, and information on various federal benefits available.

Senator GLENN. With regard to the compensation of separating military personnel I want to note that there are currently only two benefits unique to military personnel who are involuntarily separated.

First, officers who have 5 or more years of service who are involuntarily separated short of obtaining retirement eligibility are entitled to involuntary separation pay at a formula of 10 percent of annual basic pay times the number of years of service at the time of separation. The amount of this pay is capped at $30,000, what an O-3 with 10 years of service would receive if involuntarily separated.

Second, service members who are involuntarily separated for the convenience of the Government as a result of a force reduction are exempt from the active duty service requirement for the GI bill benefit.

These are the only two benefits currently on the books that are unique to involuntary separations. There are other separation benefits for both involuntary and voluntary separatees who are not retirement eligible. These are rather extensive. These include government shipment of household goods, travel and transportation allowances, payments for unused leave, the USVIP program I mentioned earlier, TAP, the Traditional Assistance Program that was authorized last year under the purview of the Veterans' Affairs Committee, and miscellaneous other services, such as legal assistance and counseling on veterans' rights and benefits and jobs search.

There are also benefits administered by the Department of Veterans' Affairs such as veterans' group life insurance, GI loans, employment/job training, other services. I point out these services because I think it would be unfair to imply by not doing so that we do not try to provide for our men and women in uniform and their families when they leave the service.

Having said that, though, I am certain that these benefits are inadequate as they currently stand, especially when you take into account the potential for substantial manpower strength reductions over the next few years. Reductions that could require the unprecedented force out from active duty of large numbers of military service members who were otherwise looking toward a career of active military service.

So I expect we will include in the Defense Authorization bill this year a package of involuntary separation compensation and benefits to more fairly treat career personnel who are forced out from active duty short of retirement eligibility. As I have said in earlier comments on this matter, our challenge will be to come up with a fair package at prudent cost, underline prudent cost, so we do not end up having to cut strength levels more than necessary to pay the bill for those we are letting out.

We asked CBO to run some figures out on one of the involuntary separation packages; it came out to about $105 million per each 10,000 involuntary separatees. It is debatable I know, but then how that is figured is something we could discuss later if we wanted to. But it indicates that whatever we do it is not going to be for free. We have to put cost assessments on these things so we know what we are doing. We cannot just vote the package we all might like to have without considering the cost.

We have divided this hearing into three panels this morning. We know the emphasis that this subcommittee and that the parent committee, the Armed Services Committee, has put on combat readiness. We thought this morning it would be good to reverse the usual order of our hearings as far as seniority goes and make the enlisted panel our number one panel this morning to find out how things are out there with the people that are really out in the field and carrying out all the duties associated with our military services.

Our first panel is composed of the senior enlisted personnel advisors for each of the military services and they will address the concerns they hear from service members in the field about the uncertain future they face. We will certainly be interested in hearing from them on how they think we can proceed to address these concerns.

The second panel, composed of the Assistant Secretary of Defense for Force Management and Personnel, and the Uniformed Personnel Chiefs of the military services will address the Defense Department's position on each of the relevant legislative proposals introduced in the Senate. I hope they include an estimate of the cost, as I indicated. Second, the Defense Department's own proposal for a comprehensive package of involuntary separation benefits and include an estimate of cost. Third, the Defense Department's estimate of the level of strength in each service in fiscal year 1991 that would require actions that trigger the need for involuntary separation benefits. And, fourth, the Defense Department's recommendations on sources within the military personnel accounts of each service for funding its package, if implemented, in fiscal year 1991.

Our third panel, composed of witnesses from the Military Coalition who helped craft the bill introduced by Senator McCain, requested the opportunity to support the provisions of the bill and give testimony. We are certainly glad to have them with us here today.

Also on the third panel we have Edgar A. Chavarrie, the former Deputy Assistant Secretary of Defense for Military Manpower and Personnel Policy, a retired Air Force Lieutenant General who will give us his perspective on transition programs to help separating service members find jobs after separating from the military.

I want to welcome our first panel this morning. They are Sergeant Major of the Army Julius Gates; Master Chief Petty Officer of the Navy Duane Bushey; Chief Master Sergeant of the Air Force J.C. Binnicker; and Sergeant Major of the Marine Corps D.W. Sommers.

Before we hear from our first panel, I want to ask Senator McCain, the ranking member of the subcommittee and a strong supporter for providing improved involuntary separation compensation and transition benefits to military personnel, if he has any opening remarks that he wishes to make.

Senator McCain. Thank you very much, Mr. Chairman. I know Representative Slattery is here and had requested to make a statement this morning.

Mr. Chairman, I want to thank you for your involvement in this issue, your commitment to the service men and their families, not only on this issue but for some 40 or 50 years now that you have been involved in, one way or another. And I am very grateful to you. Also I am grateful to and impressed by the presence of the ranking Republican, Senator Warner, who has had vast experience on these personnel issues, both as a member of the military and a member of the U.S. Senate and as Secretary of the Navy.

I believe that on both sides of me is corporate memory and knowledge of many years that will allow us to address this—and I do not overstate the case—personnel crises that faces us of nearly unprecedented proportions. I believe our witnesses today, particularly the enlisted leaders, will corroborate that statement.

Mr. Chairman, I would just like to make a couple of points, if I would, because I think you covered the issue extremely well.

One is that this legislation which I have proposed, S. 2663 was not my own brainchild. We received the input and the assistance and, frankly, the authorship of the National Military Family Association, made up of many organizations who have been involved in issues affecting the military for many, many years.

I do not believe, Mr. Chairman, that this is a final product. I look forward to continuing our dialogue and I am confident that you and I and the entire committee will be able to emerge with a consensus legislation which I believe this can serve as a framework for. I take no pride in authorship.

I noted with some interest that today the administration has come forward with a position that they will authorize separation pay for enlisted members who were involuntarily separated. I certainly applaud that. I am sorry that it took so long for the administration to take that position. I hope that they will now, albeit ploddingly, move forward with the approval and support of other benefits that are necessary to provide to our enlisted and officer personnel who were involuntarily separated in the form of relocation services, outplacement services, educational services, health care inservice briefings.

I might add, Mr. Chairman, that any one who is involuntarily separated from any major corporation in America basically has this same kind of package. I am not sure why we should not provide those benefits to men and women who voluntarily agreed to serve at the risk of their very lives and under conditions far more arduous than those of major corporations and companies throughout America.

I believe that we will and must include in some form those benefits for the men and women, both officer and enlisted, before we finish in its final form.

I might add that there is some time urgency to this legislation as we will, it is my understanding, possibly begin involuntarily separating men and women from the military within a period of some months. So I hope that we would be able to join together and enact this legislation as rapidly as possible.

It is not clear to me what kind of vehicle or standing legislation or part of the authorization bill. I think we can work that out.

Finally, Mr. Chairman, I visited a number of military installations, I hear from friends of mine that I have served with, I hear from people who are presently serving, I hear from people who are contemplating serving, there is an incredible amount of concern, uneasiness, and not panic, but certainly enormous concern on the part of men and women who are serving and their families as to what their futures are.

I think one of the major purposes of this hearing in this legislation to reassure them that we will not abandon them as we have to enact these draconian measures which are driven by world events and budgetary reasons. Certainly, we will place them first on our priority list rather than last as apparently some have been lead to believe.

Thank you, Mr. Chairman, again for all you have done on this and other legislation. I appreciate the opportunity of listening to our witnesses this morning.

Senator **Glenn**. Senator Warner, do you have any comments?

Senator **Warner**. Thank you, Mr. Chairman. I would say, on behalf of the full committee that we are fortunate that Senators Glenn and McCain and others on this subcommittee are undertaking this very important analysis to formulate a piece of legislation which, in my judgment, without a doubt, will be the single most important piece of legislation relating to the U.S. military that will be adopted by the Congress in the coming year.

Both of you have risen through the ranks. You understand the system. You understand the problems. While we will direct this legislation toward the men and the women who wear the uniform, it is often the families, the wives and the children, that suffer the greatest brunt of the problems associated with these involuntary separations.

I just think that as we look at the all-volunteer force and those of us who remember the years in Vietnam and the turbulence in this country, we have got to protect that concept and continue to attract young men and women under the all-volunteer force to serve in the uniform of the United States. Therefore, I wish you well in this task. It will not be an easy one. There are fiscal considerations, as well as humanitarian considerations. And we will have to strike a balance. But I am sure you will succeed.

Thank you, Mr. Chairman.

Senator **Glenn**. Thank you, Senator Warner.

Congressman Jim Slattery in the House of Representatives, who is quite interested in this issue, is going to be introducing legislation, I understand over in the House, and has asked to come over this morning and give his testimony.

Jim, we welcome you to our hearing this morning and look

STATEMENT OF HON. JIM SLATTERY, A U.S. REPRESENTATIVE FROM THE STATE OF KANSAS

Mr. **Slattery**. Thank you, Mr. Chairman. I certainly commend you and Senator McCain, my former colleague, and the rest of this subcommittee for your timely hearing and timely attention to what Senator Warner just referred to as perhaps the most important legislation dealing with the Armed Services this year.

And as someone who represents Fort Riley and Fort Leavenworth in the House of Representatives, I can only echo what Senator McCain said in that when you are visiting with troops out there, there is some concern. I would not say it is a panic situation at all and I think that the morale is still very good out there. But I think that it is very important for us here in the Congress, the policy makers in this great democracy of ours, to communicate and communicate very clearly to the young men and women out there in uniform that we do care about their future, we do appreciate the service that they have rendered to their country in a time of need, and that we are not going to neglect them at a time when we are asking them to pursue a different career.

So I commend you, Mr. Chairman, and I wish and I hope that you will take up this legislation in a very expeditious manner.

I do not need to tell you that we are looking at a situation, at least based on the last figures that I have seen, where some 54,000 troops are expected to be separated this year and then another 38,000 troops are scheduled to be released sometime in fiscal year 1991. So we are talking about a significant number of people that are to be affected. And when I learned about all this, one of the things that I looked into very quickly was the whole question of what kind of benefits were available to enlisted men and women in this country and it became very clear that unlike officers, enlisted men and women were not entitled to any separation pay benefits at all.

And that motivated me to introduce H.R. 4003 that will provide separation pay to the regularly enlisted members of the Armed Forces who are victims of these budget cuts, and to provide basically to them the same kind of separation pay benefits that are currently available to officers. I hope that that will be a part of the package of legislation that we ultimately enact this year.

And as you indicated in my introduction, Senator, I do plan next week to introduce in the House of Representatives a package of legislation that will contain the provisions of the McCain bill in the Senate, with some minor differences. And I think Senator McCain and I have come to an agreement on some of those differences.

I will just spend a couple of minutes talking about one of those differences and then I assume that the committee is pretty much familiar with the McCain legislation. But I am just going to touch on some of the key provisions that I think are important.

In terms of a difference, and I think that Senator McCain and I have agreed that we should have a cap on the benefits that would be available. The bill that I introduced has a $60,000 cap. Current law has a $30,000 cap on separation benefits. We have just raised that to $60,000 in H.R. 4003. Senator McCain, I think, agrees that that is what we should ultimately do.

I also feel very strongly that personnel separated from the Armed Services should also be entitled to unemployment compensation as are other people in our society. And I think that they should be entitled to at least 26 weeks of eligibility. Current law provides for 13 weeks of eligibility after a 4-week wait, and I do not think they should have to wait 4 weeks to get their benefits. I think that we should also provide members who are eligible for separation pay with leave time also to visit areas where they may wish to relocate. And I think that is the least that we can do.

We should also provide as much job search and job referral services as possible to help these people adjust during this transition period. I am hopeful that in the final package that we will allow the people involuntarily separated under honorable conditions, who are currently not enrolled in the Montgomery GI bill, to pay the $1,200 required to be vested in that program and then to receive the full educational benefits.

And I think perhaps the most important benefit that we can provide is this whole question of health care because a lot of these people are going to be separated. They have been relying upon the health care programs that the military provides. And it seems to me the least we can do is provide them with some kind of health care package during a transition period under CHAMPUS or whatever else can be worked out.

So, in summary, and I know that our time is limited here this morning, those are the things that I think are particularly important. And I hope that whatever legislation we move this year will embody at least those things that I have talked about. Again, I am going to be introducing on the House side next week legislation that is companion to Senator McCain's legislation and hopefully we can move it in an expeditious manner, too.

Senator GLENN. Thank you, Jim. We look forward to working with you on this. Do you have any questions, John?

Senator MCCAIN. I thank you, Jim, for all you have done on this and many other issues affecting our men and women in the armed services. It is a pleasure to work with you, as we have for many years.

Senator GLENN. Senator Lott, do you have any questions?

Senator LOTT. Just briefly, Mr. Chairman. First I would like to submit a statement for the record.

[The prepared statement of Senator Lott follows:]

PREPARED STATEMENT BY SENATOR TRENT LOTT

Mr. Chairman, I want to commend you for calling this hearing on this very important subject.

I can think of no more vital issue facing our defense establishment than how we are going to help the many fine career service men and women who are going to be forced to leave the service as the Armed Forces build down. If the "Cold War" is over, these are some of the dedicated Americans who have delivered victory to democracy. If there is a "peace dividend" to be distributed, these are the Americans who should be considered first when it is distributed.

Many of the soldiers, sailors, marines, and airmen who will be forced out by the restructuring of the Armed Forces will, in a sense, be the victims of their own and their predecessors' success. They deserve the resources necessary to transition to new professions as well as the Nation's thanks for a job "well done."

I believe that such measures are called for not only in the interest of justice, but in the interest of preserving the quality of our volunteer force. How we treat these men and women and their families in their transition from the military to the civilian world will live long after the event. If they are treated with the fairness they deserve, the defense establishment will retain its reputation for taking care of its own—and the long term dividends in recruiting and retention will accrue and more than pay for the program's short term costs.

As a cosponsor of the McCain proposal, S. 2663, I am firmly committed to putting an adequate program in place to protect the transition of the many deserving career service men and women and their families who would be negatively affected by these cuts in military personnel. I would add that this program is by no means a "golden parachute" that will leave its participants in the lap of luxury. It would be more appropriately described as a "camouflage parachute" symbolic of the combat uniform that so many in our Armed Forces wear in their daily duties in defense of the Nation. This parachute won't provide luxury, but it will provide a reasonable vehicle for assisting these deserving men and women to move on to a civilian pursuit with dignity.

Senator LOTT. I would like to commend you for having this hearing and Senator McCain and Congressman Slattery for the work that they have been doing. I think is the very minimum we should do. And I still—I realize it is a sort of a lonely voice now and that the flood has already overrun us, and no pun directed at Ohio at all.

But I think the mistake we are making is moving toward this spiral down effect and what it is going to do to our personnel and morale. I think that in itself is still a big mistake. I still object to it and I still hope that maybe Congress will not lose complete control of itself and the administration and drive us to such personnel numbers that it would have devastating effect on our military.

However, recognizing that there is going to be some change and some reduction, need to reduce some of these careerists, I think we have got to have some protection for them. And see S. 2663 and its counterpart in the House certainly as a step in the right direction. Thank you for your work, Congressman.

Senator GLENN. Senator's Lott's concerns are well taken and that is the reason you gentlemen in the front row know we have been pushing very hard to try to get whatever package is going to come over to us on this. We want to do this thing all together so it leaves the least uncertainty out there with people in the field that are going to be affected. That is the most important thing. If this is to spiral down sort of willy-nilly, nobody knowing what is going to happen or where it is going to come from, then it is going to be much more difficult for those people than it is if we have an orderly program so that we know exactly what we are doing.

So, if you gentlemen would come to the table we would appreciate it very much. Sergeant Major Gates of the Army, Master Chief Bushey of the Navy, Chief Master Sergeant Binnicker of the Air Force, Sergeant Major Sommers of the Marine Corps.

Sergeant Major Gates, if you would lead off with your comments, we would appreciate it. If you have a lengthy statement, we can put those in the record. We hope you can keep your statements reasonably short so we can get on with as much discussion as possible.

STATEMENT OF SERGEANT MAJOR JULIUS W. GATES, USA

Sergeant Major GATES. Mr. Chairman, distinguished Senators of our great Nation, it certainly is an honor to address you on behalf of your soldiers and we thank you for your consideration and for this opportunity.

As you conduct the difficult task and deliberations that will determine the future course for your Army, we respectfully request that you consider that your Army really is people. And you know that just as well as we do. Our Nation's sons and daughters are our most treasured asset. Never before have we been confronted with the dynamics of reducing a quality all-volunteer Army that is manned with the finest men and women from our society.

Your soldiers have, and they display daily, immense pride in themselves and their military service. They believe that they are good soldiers, and they are. When needed, they will be there and they will win. Your soldiers are not asking for a free handout or welfare. They do not want, nor do they expect, extravagance.

One of the major concerns of your soldiers today is to be forced out of the Army because of forced reductions, and being required to go on the unemployment rolls. Quality soldiers, who are subject to forced reductions, need—as a minimum—a package that will provide some form of separation pay that will see them through the difficult periods of the initial transition.

They need to be provided job counseling and placement to take advantage of Federal, State and local employment resources. And they need some form of transitional medical care for themselves and their families, and the possibility of some consideration for placement into our Reserve components. And there are many other things that your soldiers need.

Gentlemen, you have and we have the opportunity to demonstrate to our soldiers that their commitment and confidence in our Nation's leadership and in their military services have not been in vain. The authorization of, and appropriations for funds to enact some form of program that will enable our soldiers, who through no fault of their own, and their families to make this difficult transition with dignity and respect. It is not just important, it is the right thing to do. Sir, this concludes my brief statement. I will be honored to answer your questions.

Senator GLENN. Thank you. Chief Bushey.

STATEMENT OF MASTER CHIEF PETTY OFFICER DUANE BUSHEY, USN

Chief BUSHEY. Good morning, Mr. Chairman. Our sailors, I feel, are beginning to feel let down. We built a very professional organization. We have kept a rugged pace, and we have made sacrifices. Now they feel that the Government wants to dismantle in a spiral effect and dismantle too fast.

When I say government, I say that because I believe individually every one of us are a little bit scared at the path that we are taking right now. I believe our military leaders have accepted the need for a smaller force. They are working hard to draw down, and draw down in an orderly fashion.

I know for a fact the Navy has a plan. Our chief of naval personnel has reorganized the structure and the policy to allow a scale-down that will do it with compassion and reason and leave you with a strong Navy. If you run a horse hard at practice, you must pay the overtime to walk it and cool it down or it will go lame before the race. I believe a 4- or 5-year plan would allow a draw down with reason and maintain a strong force and even save us money.

What do I hear from the sailors today? Indecision is our enemy. We hear a lot of things about base closures, Moffett Field, for example. We received a lot of damage from an earthquake. We have a barracks that you can live in and see through the bulkhead, or wall. But yet it cannot be repaired because it is on the base closure list.

Now, Moffett Field has been on the base closure list ever since 1958. I was stationed in Alameda in 1967. We could not do repairs then because it was going to close. Our families off in Normandy are moving to Staten Island. Some have already sold their homes in Norfolk, and now they wonder if they made a mistake. The U.S.S. *Lincoln* is on its way soon to Alameda, California, but it is on the base closure list. Again, indecision.

Our families are starting to feel the stress and the turmoil. Many of them are asking, do I have a future career? Shall I get out now? Or shall I ride the tide? Most of them are riding the tide and weathering down and battening down for the storm right now. Our enlistments are up and our extensions—1 year, 2 year extensions—are up. I have been starting to ask the question, why? Maybe some of them are looking for the separation pay and to ride this out.

I worry about our Nation and I worry about our people and where we are going to go. I made a lot of phone calls yesterday preparing for this, talking to young sailors, and said, what are your concerns? What are your priorities? And what are you reading?

The first thing on the list was separation pay. They believe they need that in order to make the transition. Their second one was assistance in obtaining a job in the civilian community and relocating in the civilian community. Many of them had planned to make the Navy a career and now they cannot. So they need that transition. And the third was a medical-type plan. All the rest of the items in the McCain bill were strongly supported, but I listed to you their top three priorities.

That is all I have, sir. I will stand by for your questions.

Senator GLENN. Thank you very much. Chief Master Sergeant Binnicker of the Air Force.

STATEMENT OF CHIEF MASTER SERGEANT J.C. BINNICKER, USAF

Sergeant BINNICKER. Good morning, sir. Thank you for this opportunity and for your interest in this very important issue. I have just returned from a 17-day trip to Europe, and I would say that the main concern of the troops in Europe is concern about their future. And so I applaud your efforts and I will take your questions.

Senator GLENN. Thank you. Sergeant Major Sommers, Marine Corps.

STATEMENT OF SERGEANT MAJOR D.W. SOMMERS, USMC

Sergeant SOMMERS. Good morning, Mr. Chairman. Thank you for allowing us to be here. I have no opening statement. I am ready to get to it, sir.

INVOLUNTARY SEPARATION

Senator GLENN. Thank you.

I think what we are faced with is something we would rather not see and that is involuntary separation that may be necessary. But the changing world situation means that we have to change along with it.

And it is a changing world situation. Some of the threats that we have had up against us for all these years since World War II are no longer as viable threats as they once were. And while we have to do things very carefully, and I am the first to recommend that; I am not for any willy-nilly cut down just to disband everything. That is certainly premature.

What the Soviets have lost really is their political ability to wage war, not their hardware or their people. And it is the political will that has turned to worms for them. I guess, I will feel much better about the situation once we get the actual arms control underway and the hardware actually dismantled or verifiably destroyed some way. Then I think we maybe can relax a little bit. Otherwise I do not think we have got quite as big a peace dividend in each of the next few years as some people think we may have. That is my personal view.

I have some questions I would like you to respond to. There are three segments of the force that would be affected by major strength reductions over the next few years. We have those first-termers. We have the career segment that wants to make a career but they are not eligible for retirement yet. Then we have a career segment that is eligible for retirement but that we may want to ask some people to volunteer to go ahead and get out anyway.

Are there distinct concerns that you are hearing from each of those segments about their future? Or is it uniform concern right across the board? Or are there other breakdowns that you think we should be considering?

Sergeant Major Gates.

Sergeant Major GATES. Sir, there are concerns across the entire spectrum of the Army, from the lowest ranking recruit through our officers, in fact. The major concerns are the mid-level career force—after an individual has made a commitment to make the Army a lifetime career, somewhere in the vicinity of 5 to 15 years of service—those are the soldiers who are primarily concerned about the reduction of the force structure.

Senator GLENN. Chief, is the breakpoint on where a career is indicated, is that beyond the 6-year enlistment? If a person signs up after 6 years is that sort of a career break point on which they have made a decision, as you view it?

Sergeant BINNICKER. I think it is, Senator.

Senator GLENN. Should they be considered any differently there than if they are still in the first term?

Sergeant BINNICKER. I think so. I think we should design a package that addresses all of the services enlistment contracts. To say 5 years is the right number might be misleading because we have 6-year enlistees in the Air Force. So they would be first-termers if they had not re-enlisted prior to 6 years. To have a package that would give them severance pay at the 5-year point would have to be somehow adjusted to take into account the fact that they have not re-enlisted yet. So there is no career decision at that point for those people in that category.

Senator GLENN. How do you think we should apply involuntary separation compensation benefits? Should they be applied uniformly to all segments in those three different areas I mentioned? Or should there be some differential in those benefits?

Chief BUSHEY. If I could speak up on that, Senator. I think there ought to be some differences. You know the one who is going to suffer the most—I think the midterm is the one who is going to suffer the most. That is your E-5, your E-6. That is the one that is just starting a family. They are the ones we really have to focus on.

Senator GLENN. Let me ask would you base it on rank or the number of years service?

Chief BUSHEY. I would do both. I am a little bit with the Chief Master Sergeant here, in that some people come in with a 6-year contract. With that 6-year contract they could already be a first-class petty officer and have a family. I would consider them in that middle group. Even though they are first term, I would consider them second term.

Senator GLENN. Sergeant Sommers, how about the Marine Corps?

Sergeant SOMMERS. Sir, basically the same way. About 5 percent of our marines coming into the corps come in on a 6-year enlistment so our numbers are much smaller. I believe that after the marine reenlists for the first time, after that 4-year mark, he then becomes a careerist. I believe it should be paid after the first enlistment.

Senator GLENN. Do you all agree—I know that Sergeant Major Gates and Chief Bushey indicated separation pay, job counseling, transitional medical. They list them right in that same order. Do you all agree with that order? What is the most important?

Sergeant BINNICKER. I think the severance pay is the most important issue of all. I think they need that transition money because the salary going in is set at a level that does not allow them to maintain a financial portfolio or a savings account of any magnitude. They need that money to transition to another career.

Senator GLENN. Now, when you two put that on there before, did you leave out educational benefits because they are already provided? Or did you leave those out because you think they are not that important compared to these other things?

Chief BUSHEY. I was just trying to maintain my list of the top three. That is still important, but I would list it down at the bottom. And again, I am speaking for the sailors and what they spoke. I would ask them, what are your priorities, without trying to lead them. And that did not come up until right toward the end.

Senator GLENN. Do you feel most of them that might be forced out would not be looking to educational benefits as one of their top priorities getting out?

Chief BUSHEY. Sir, I think at that point they are looking to survive; they are back down to the Basic Needs in Maslow's hierarchy. They want to put meat and potatoes on the table; that is what they are looking for first.

If you look at that first termer, you might be looking at a 20- or 21-year-old that is still single and can support him or herself on the economy. But I think most of these you are going to be looking at are with families. The first thing they have got to do is feed the family, take care of the family.

I would not say the educational benefits is not one of the priorities, sir. But the priorities as I indicated to you are set in the priority as indicated to me by the soldiers. Now education did come out. They would like to see some type of extension of the Montgomery GI bill for those who did have the opportunity to participate in that particular legislation.

Senator GLENN. I would think these options might be more important in different career time periods, also. Your first-termers that are in the first hitch and they are forced out, they may be much more prone to go the education route. Where your people have been in 6 or 7 years, they are married and have a child or two, they have some other concerns there that are more immediate to them than just going back to school again.

So I think it might break down over a spectrum.

Sergeant Major **Gates**. Senator, if I may. The family members, the spouses and even some of the children, are becoming very uneasy with the future outlook. That will cause a very quick ripple effect throughout the force. If we do not enact some type of system of programs that will alleviate some of that uneasiness——

Sergeant **Binnicker**. The primary concern, Senator, is, in the overseas theatre, you lose not only one job, but two jobs, especially if the spouse is employed. So you have to come home and you lose both incomes.

Senator **Glenn**. That is a good point. Under the committee's 6 minute rule, my time has expired. Senator McCain.

RECRUITING COSTS

Senator **McCain**. Thank you very much, Mr. Chairman. Thank you all for your presence here and your important testimony.

I would like to start with you, Sergeant Major Gates, and go down the line. If there is a perception in the military, the active duty military, that we are basically abandoning or not providing those who are involuntarily separated with the kind of transition plan which is an obligation that we have to those men and women who are involuntarily separated, what impact does that have on recruiting in the long run, Sergeant Major Gates, if any?

Sergeant Major **Gates**. Sir, I believe it is a myth to believe if we have a smaller force that recruiting will become less difficult. I believe that the most effective recruiting tool that we have is not necessarily the sergeant who mans the recruiting station. It is word of mouth, the word of mouth soldiers pass to one another and to their friends in Hometown, U.S.A.

I strongly believe that if we do not have some type of planned disciplined program to reduce the force and to provide the soldiers who are subject to that reduction, quality soldiers, some type of compensation, then we will have difficulty in the future in recruiting.

Chief **Bushey**. To me the best recruiting tool you have got is a sailor or in a service dress white jumper walking down the street in Hometown, U.S.A. They are going to come back to those towns.

We have several things in place now. Like right after boot camp we let them go home on boot camp leave. That has helped our recruiting effort. After they are in a command, we let them go back on 2 weeks leave to help in the recruiting effort. If they go out of the military with a sour taste, believe me they are going to do just the opposite for us in our recruiting effort.

Sergeant **Binnicker**. Some people have the idea that with a smaller force, recruiting becomes easier because you are looking for fewer people. And the reverse is true in the Air Force. It is more difficult to recruit a smaller force because you have to focus on educational levels and you more or less handpick the kind of people you want to bring in. Then you have to keep them excited about coming in because you cannot bring them in as fast as you would like.

I think the concern about the drawdown would have a devastating effect on recruiting and certainly on retention.

Sergeant **Sommers**. Sir, it is already having an effect for us on recruiting. This morning I talked to recruiters in Harrisburg and Baltimore, New York and Louisville. I asked each one of them the same question: are you hearing anything? Are you seeing any effect of the publicity about the drawdown in your efforts to recruit?

Every one of the recruiters that I talked to this morning told me, yes, they are seeing it. Young men are coming in saying, I was thinking about a career in the military and it does not look like we are going to have much of a military in a few years, and I am changing my idea, my direction. They get this from their pools where they have already had young men in these pools waiting to come in. And they are starting to ease out of the pool now because of the publicity. So it is already having an effect.

COMMENTS ON PROPOSED LEGISLATION

Senator **McCain**. I hope that all of you have had an opportunity, at least, to give a cursory examination of the proposed legislation. I would like your view of that proposed legislation. And I would also like your comments as to what may be unnecessary in that proposed legislation or what may need to be added in order to fulfill the obligation that we all agree that we have incurred.

Sergeant Major **Gates**. Sir, I have had an opportunity to review, in fact, study your proposed introduced legislation. It is an outstanding package and everything is applicable to our quality soldiers who are required to leave the Army because of the force reduction.

The concern that we have is that we need to ensure that we get support for that package with appropriated dollars. If we do not have additional monies, then we will be required to take additional cuts out of the force structure in order to support the legislation.

Senator **McCain**. I think that is a very legitimate concern, Sergeant Major. By the way, I think what you have to say is very important since it is your service that is going to experience the earliest and the brunt of these reductions. So I very much appreciate what you have to say.

Also you, Master Chief Bushey.

Chief **Bushey**. Well, sir, I have studied the package and met with Assistant Secretary Jehn and our Chief of Naval Personnel. And I like what I see in the package. The additions that I have added to it were on separation pay. I believe we should provide along with that some very heavy financial counseling. I am afraid of the individual walking out the gate with a pocket full of money, and you know who is going to be waiting for him outside.

The second one I would say is the outplacement service. I know TAP has been online for about a year now. I get mixed feedback from that. Some places, some people, feel it has been worthwhile. In other places it has not been very good. I think we need to focus very hard on that and make sure we are providing some good counseling and job placement. And not just saying we are.

Senator Lott. Would you yield just for one second? I notice in your bill you have after 7 years of service, right?

Senator McCain. Yes, we came up on that because it is about 6 years and 8 months is the average that we view as probably a career point.

Senator Lott. It seems like the right number to me. But I think I heard earlier some were saying it should be less than that. So, as they are going down the line, I wish they would address that particular point.

Senator McCain. That would be fine. Master Chief, do you have any comments?

Chief Bushey. I would say I had agreed with 7 years. That is a good number. If we can afford to go lower than that, then I think we need to look at those individuals that came in on a 6-year contract. I do not know exactly how to do that. That is going to have to be worked out and studied very, very hard. But there are a few that will fall out on the wayside there if we do not look below 7 years.

Senator McCain. Let me jump back to you, Sergeant Major Gates, just to comment on Senator Lott's question. Is 7 years about the right number?

Sergeant Major Gates. Sir, we all agreed some time ago that 7 years probably was about the right year group. However, there are some soldiers who would have made a commitment for a second enlistment, 3- or 4-year enlistments. If I might add, sir, I am really concerned about our soldiers stationed overseas, with the opportunities that we need to afford them, if they are subject to the force reduction; and, we will have some.

Senator McCain. I was in Frankfort at Rheine-Main just 2 weekends ago. And that clearly was a very, very major concern. They do not see how they can go look for a job in the United States while they are based overseas. I think we have to make some kind of accommodation there for those people if they are going to be involuntarily separated. It is not going to be easy.

Sergeant Binnicker. I agree with the bill, sir, and in part, that I think it is reasonable. I think it is affordable. I think it is necessary to maintain the faith of the people that are left behind. I think the 7 years is the appropriate point with a caveat for those people who might have already reenlisted at least once and gone career. And that could be written that way.

I think education is important. I did read somewhere in a statement: it is not my word, but I will steal it from someone that we should not develop a plan that has trivial things in it so that we tell a man or woman that they have lost their job, but they can use the bowling alley for 6 months. It is not something that they would look forward to. So we ought to be careful about the trivial things that we would hang on to this.

I think the package is appropriate. But I would add one thing; I would hope that somehow in developing this bill and advertising it to the world that we would send a message to the people who would remain behind that we are not going to forget about them either. I think it is very important to maintain the faith, because we are going to have a military, small as it might be. We are still going to have a military and they need to have a great sense of confidence that they are going to be taken care of. Some view that now as, well, since we are going to get smaller, we are going to stop taking care of people. And we do not plan to do that in the Air Force.

Sergeant SOMMERS. Sir, I think it is a good bill. I have a problem with the separation pay portion of it. I think the wording under the separation pay is going to cause us to give people separation pay to some who should not be getting it. I am very concerned with the substandard performance category.

Under the bill unless he is getting a dishonorable discharge, he rates the separation pay. And that is not right. We have got people out here who are not doing what they are supposed to do, who we would not allow to reenlist; we are not allowing them to reenlist, to stay in the military. They are going to be forced out. Those people, who fall in that category, should not rate separation pay the same as the young men and women who are doing what they are supposed to be doing.

Senator MCCAIN. I am hopeful we can address that aspect of it. Finally, Mr. Chairman, my time has expired. Separation pay alone is not sufficient. And if the Department of Defense and the administration and the Congress took the position that that was all that we were going to provide, it would send a very, very bad message. Do you agree with that, Sergeant Major Gates?

Sergeant Major GATES. Absolutely, sir. And, again, I would like to echo, we do not intend to pay separation allowances to soldiers who do not meet the qualifications.

Chief BUSHEY. Separation pay alone will not do it.

Sergeant BINNICKER. I agree, sir.

Sergeant SOMMERS. I agree.

Senator MCCAIN. Thank you very much, Mr. Chairman. Thank you all for not only being here, but the outstanding leadership and example you provide all of us.

Senator GLENN. Let me ask one additional question. Do you have additional suggestions for things that are not addressed here or not included, Sergeant Sommers?

Sergeant SOMMERS. No, sir, I do not. I have another concern also with the bill, and that is the length of the transition periods. I believe that if we drag it out too long, we are going to allow a lot of procrastination on the part of those who are going to have to leave.

If you give me 90 days, if you give me 120 days, for the most part, I will take that before I have to make my decision. But that would be the only thing I would change, sir.

Senator GLENN. Sergeant Binnicker, do you have any comments?

Sergeant BINNICKER. I think there ought to be a top end to the point that we would look at people. I would like to see the wording 7 to 12 years would be the window that we would look. I think that at some point in a person's career they ought to be tenured, so that they would not have to worry forever about that phone call that would come that says you have to go.

And someone put a matrix in one of the newspapers that showed a 19-year E–9 would get 50 grand severance pay. And in this trip to Europe I heard many chief master sergeants, you know, saying, do you mean to tell me, you are going to tell me to go home after all this service with 50 grand? Thank you very much. I say, well, we have no intention of drumming out of the corps chief master sergeants with less than 20 years service. But that idea is out there because the matrix was just run for all grades and all years of service.

So I would hope that we could, in fact, look at a top cap on that, so that it would be 7 to 12 years. And once you have reached that 12th year, you would be tenured for retirement.

Senator GLENN. You would not have a partial retirement after 7 or 12 years?

Sergeant BINNICKER. I am sorry?

Senator GLENN. You would not have a partial tenure, say, a lower percentage of retirement—you would have tenure but at a lower percentage of retirement pay phased-in at lower than 20 but over 12 years?

Sergeant BINNICKER. I had not thought about that, sir. With this massive reduction that I hear about, I just hope that we could save those people that have given us 12 years or more.

Senator GLENN. Chief Bushey.

Chief BUSHEY. It really does not pertain to the bill, but my big concern is, as you draw us down, you also draw our mission down and that to be focusing on that also. I am already starting to get letters from some families that are experiencing more time at sea, and that is a big concern right there. And you may not have use severance pay, if we start mistreating them, we will have trouble keeping the quality people we need.

Senator GLENN. Sergeant Major Gates.

Sergeant Major GATES. Sir, I would like to echo all of these great Americans' statements. Again, I would like to emphasize that in the draw-down or the reduction-in-force of our forces—and I plead with you, sir, we need to do that in a planned, disciplined manner over a period of time—we do not need to put all these soldiers, sailors and airmen and marines out on the street very rapidly and not allow us the opportunity to treat them with dignity and respect. And I certainly appreciate the bill; and all the soldiers appreciate your legislative introduction, the great Senator from Arizona; and your support, sir, that you have given us in the past, and you always have. So we appreciate that. But we need to execute a plan. And the fastest and earliest we possibly can disseminate the information out to our troops, the better off we will be.

Senator GLENN. Senator Exon, do you have any questions?

REDUCTIONS-IN-FORCE PLAN AND RECRUITING COSTS

Senator EXON. Mr. Chairman, thank you very much.

Mr. Chairman, first I want to compliment you for calling this hearing. And I want to salute you people who have done such a magnificent job over the years in the recruitment of the proud force that we have now. And I want you to know that the concerns that you are expressing here this morning are concerns up here for those of us who have served on this subcommittee and the committee as a whole over the years that we have built up the morale. The morale is being tested today, and we appreciate your coming here and giving us your advice and counsel.

In that regard, just let me say that all of us here have a grave concern about keeping the commitments as nearly as we can, implied or otherwise, to the people that have come into the branches of the service for which you people are primarily responsible. And I salute you, once again, for the good job, a good job well-done.

As we look ahead now, though, to the very difficult task that we have in drawing down on the overall defense budget, and since personnel costs make up about 50 percent of that total budget cost, we are going to have to make some savings. Now, therein lies my question.

Can you tell me what recommendations specifically that you would have to go about this situation that I have heard mentioned on several occasions, an orderly process. You know, I guess, what is an orderly process? And can you give us anything other than your written testimony in a synopsis form to tell us what you mean by that? And how would you do it, if you were sitting on this side of the table, rather than on that side of the table down there, because we need your input.

Specifically, I would like to ask you, how much do you think that we can reduce the number of dollars that we put into recruitment? I was quite surprised frankly to see the administration send over to us an increase in the recruitment budget for next year over last year. It seems to me that that runs right directly into the problem of how we are going to best keep our commitment to the people that we have now, if we are going to continue bringing in on the recruitment side, you know, the same amount and quality of people that we did before.

Would you not agree that we do not need as much money for recruitment as we have in the past? Would you agree with that?

Sergeant Major GATES. Sir, I would like to address, if I may, the first part of your question. The Army leadership has been deeply involved for almost 2 years now in developing a planned, disciplined manner by which we could reduce the size of the Army and develop the Army of the future into a better Army than what we have today. An Army that, yes, is smaller, but an Army that is more deployable, more versatile, and an Army that is more lethal. An Army that can expand very rapidly, and an Army that can react to the situations that we are called upon to react to.

When someone needs a segment of the Army, they do not ask the Chief of Staff of the Army, are you ready? They say, move. And we have to go do that. At least, that is what we get paid to do.

So I believe that the Army leadership has developed a plan. And I must tell you that I have been involved with that plan, and we have worked very hard for almost 2 years developing a plan that would sequentially reduce the size of the Army down to an Army that can react to the situations that we believe we will be faced with.

Then having said that, I am certainly not at the pay grade that will tell you what the worldwide threat is or even try to articulate that to you. But I believe we need to have a plan, and that we need to have the opportunity to execute that plan, so that we do not rupture the infrastructure of the Army. When we start trying to man M-1 tanks with two men, when the crew calls for four, we are asking for trouble; and those soldiers cannot fight when the time comes.

As far as recruiting is concerned, I believe that as we draw the force structure down, because we will be required to have a smaller force, that smaller force will have to do more things than the force of today can do; our soldiers will have to be more versatile. So we probably will ask for a high-quality individual recruit. So recruiting, in my opinion, in all probability will become more difficult, sir.

Senator EXON. I appreciate your remarks about the two-man tank. That is back to the hollow Army which we certainly do not want.

Sergeant Major GATES. That Army cannot fight, sir. That Army will lose.

Senator EXON. The good news is we have heard that from all branches of the service at all levels that we do not want to go back to that. Can you or any other members of the panel tell me whether or not you think that you would be able to get by with less money for recruitment than we had last year?

Chief BUSHEY. I would say, no, sir. And I will give you my reasons why. First of all, our recruiters out there, right now, are not in a rose garden. There are several recruiters, and I visit these recruiting stations that are paying a lot of expenses out of their own pocket to go out there and work for us and collect people. They have been cut way back already on their automobile expenses to go out and round these people up.

Second of all, as our Navy gets smaller we are going to need even more top quality people. Do you want to spend the money up front recruiting? Or do you want to waste it later in boot camp and A schools? It is getting more and more difficult to find somebody that can read above the sixth grade level out there in the community.

We need to have the money in recruiting where we can pick out the top quality people that are going to make it through boot camp, and they are going to make it through A school, and they will make it through their 4-year enlistment. We have already proven the higher quality you recruit, the longer they will be with you and the less attrition that you have.

And we have just about cut off now our mental group IVs we will bring in, because there is a high attrition rate in that area. So either spend it in recruiting getting them, or you waste it later on and lose them after you have had them 6 months or a year.

Senator EXON. So what you are telling me then is that, as we have a leaner force, that is more mobile and multiple trained, it may cost us more money to recruit that type of a force than the way we have been recruiting in the past. Is that what you are saying?

Chief BUSHEY. Yes, sir, that is what I am saying.

Sergeant BINNICKER. And I would agree with that, sir. As I indicated earlier, the smaller force does not necessarily mean easier recruiting. And I think that we would—whatever the budget was requested, I think that is appropriate for what we see coming down the road.

As far as, if I were sitting on that side of the table, it is very difficult to project into the future what size force we need. I think the plan that the Air Force has on the table at this point to lower accessions almost by 50 percent, to trim the high-year tenure points for our senior NCOs, to get tough on first-term re-enlistment would allow us to get to where we want to be, need to be, in the next 5 years.

Now, if we do not get the money that we have asked for, obviously, we are going to have to do something else. But to do something else means, you would have to change the mission statement. And that means you would deactivate squadrons, and that would mean closing bases, which is a very unpopular thing to do. But as I see it, that is the way to do it.

You cannot have 36 fighter wings manned at 75 percent. I would rather have 30 fighter wings manned at 95 percent.

Sergeant SOMMERS. Sir, as my general says, you can kind of round off those dollars for the other services for recruiting and give us what is left, and we will still have more than we get now. So I am going to tell we do not want any cut in recruiting, sir.

Senator EXON. Thank you very much.

Thank you, Mr. Chairman.

Chief BUSHEY. Mr. Exon, could I comment on what I would do if I were sitting over there? I did not get a chance to do that. My thought would be, I would do it the same way I would do as commander master chief on an aircraft carrier trying to allocate spaces. Everybody wants more than what we have. I used to get all the department LCPOs in a room, we would lock the doors, and we came out with a solution. I think it is time we do that.

Senator EXON. Thank you.

Thank you, Mr. Chairman.

Senator GLENN. Thank you very much for your testimony, all of you. Your views will certainly help us. What we are after is to provide a safety net for our personnel that maybe forced out.

I think the message you can carry back to them is that we are sensitive to this. We are doing our level best to work on this. It is difficult. Whether some of the problems are here, or over at the Pentagon, we are trying to do our best to work them out and put some stability into the force reduction regime, so that career personnel and those being forced out are reasonably protected.

The bottom line always has to be combat readiness. We still have to be in a state of readiness. That has not gone away. And that means providing our men and women in uniform the kind of support they deserve. It is going to be difficult times for all of us. We are going to have to work through it as best we can.

We will have a smaller force structure, but we still have ships to man, divisions to man, aircraft to man, support units, submarines and so on. People continue to be our most important asset. We all say that all the time. We need to always back that up with what we do with regard to legislation and with the proposals from across the river. Because without that most important asset, our equipment will be useless. So we are going to be here doing the level best we possibly can.

Thank you all very much.

Senator MCCAIN. Mr. Chairman, could I make one comment?

Senator GLENN. Yes, certainly.

Senator MCCAIN. I would like you to go back again and look at this issue of the educational benefits. I fully understand that

Master Chief Petty Officer Bushey said. They are worried about meat and potatoes on the table. But if they have the meat and potatoes, then, they are going to be worried about their ability to move up in the job market.

I think it is clear that without education that is very, very difficult, if not impossible to do. So I would appreciate follow-on comments on the relative importance of the extension of educational benefits on this issue.

Thank you, Mr. Chairman.

Senator GLENN. And I would add to that. We would welcome your comments, as Senator McCain says. Please, get them to us as soon as possible. We are trying to work on this and get it into this year's mark-up on the authorization bill. If there are things you think of that apply, if you can break this down in what may apply differently to those people in first hitch as opposed to those that have been in, say, 7 to 12 years that Sergeant Binnicker mentioned a little while ago, and those beyond that.

If there are different attractive packages that we can put in for each one of these different groups, I think we ought to consider something like that. I agree that education is going to be more important to some of the younger people. And for those that already have families and 17 or 18 years, then you have got a whole different set of concerns that they have, and we want to try and meet those as best we can.

At the same time, we do not want to make it so attractive to get out we will not be able to keep people in. We do not want to be unfair in the other direction either.

Thank you very much. We appreciate your being here this morning.

Our second panel, we would ask you to take your places at the witness table. Second panel, we have the Honorable Christopher Jehn, Assistant Secretary of Defense, Force Management and Personnel; Lt. Gen. Allen K. Ono, U.S. Army, Deputy Chief of Staff Personnel; Vice Adm. Jeremy Boorda, U.S. Navy, Chief of Naval Personnel; Lt. Gen. Thomas Hickey, Air Force, Chief of Staff Personnel; Lt. Gen. Norm Smith, Marine Corps, Deputy Chief of Staff, Manpower and Reserve Affairs.

As I indicated in my letter to DOD requesting your testimony, the subcommittee asked you to address each of the relevant legislative proposals and the cost estimates, if you have them on those: the Defense Department's own proposal for a comprehensive package and the cost of that; the Defense Department's estimate of the level of strength in each service for fiscal year 1991 that would require actions that trigger the need for involuntary separation benefits; and the Department's recommendations on sources within military personnel accounts of each service for funding its package if implemented in 1991.

Before we turn to your opening remarks, I want to recognize General Ono, Deputy Chief of Staff for Personnel of the Army who is appearing before this subcommittee probably for the last time, unless we call some special hearing in the next week or so.

General Ono, before you retire from active duty I want to thank you for the work you have done with this subcommittee over the past 3 years. You have always been very frank in giving us your views on Army personnel issues, and your testimony has made a difference in the many important actions this subcommittee has taken on your watch. So I want to take this opportunity to certainly applaud you for your 35 years of distinguished service to the country. That is a very great record.

General **Ono**. Thank you.

Senator **Glenn**. Mr. Jehn, if you would lead off, we would appreciate it.

STATEMENT OF HON. CHRISTOPHER JEHN, ASSISTANT SECRETARY OF DEFENSE, FORCE MANAGEMENT AND PERSONNEL, DEPARTMENT OF DEFENSE

Mr. **Jehn**. Thank you very much, Mr. Chairman.

I am pleased to be here and especially pleased for the opportunity to address to you on this really important issue. I would like to thank you, too, for the concern you have shown, Senator McCain, and the other members of this committee. Senator Nunn, it is nice to see you here.

I think this hearing and your presence shows the concern that the Congress and, particularly, the Senate has for our men and women in uniform. And I know they appreciate it. We thank you also for the support all of this demonstrates.

Let me briefly summarize the Department's position on transition assistance, rather than read the prepared statement, that I would like submitted for the record.

Senator **Glenn**. Without objection it will be included in the record in its entirety, and the rest of your statements will be also.

Mr. **Jehn**. Thanks.

Let me begin with just a brief statement of principle here. As we go through this draw-down that is surely before us, our first and most serious concern is to maintain the readiness and combat effectiveness of the forces we have today. As you appreciate as well as anyone, they are at the highest level in recent memory, if not ever in the history of this country. And we want to maintain that.

And as the Secretary of Defense has said on numerous occasions, people are really the most important factor in that readiness and combat effectiveness equation. So the first priority we have is to maintain fair compensation and quality of life and to continue offering challenging careers for those men and women who are in the military today and remain in the military after this draw-down. But for those who must leave, those we will ask to leave, those who will leave voluntarily, we want to treat them with fairness and decency. As you have already said, the country owes them no less. And we want to let them leave with dignity, compensation, and help in their transition back to the civilian sector.

In doing that, we want to maintain flexibility—flexibility to adjust our programs, as we gain experience with them, how well they work, what is needed that we are not providing, what we are providing that may not be so important. We also have to maintain flexibility to adjust the size of those programs as circumstances dictate.

And the flexibility is especially important because we have really never done what we are about to do. That is, we have never before tried to reduce a force of this quality, composed entirely of volunteers. As you yourself said in your opening remarks, previous drawdowns have been eased, perhaps, because a good number of people we were sending home wanted to go home. They were draftees, people who had careers and lives interrupted by military service. That is not true today.

Because we have never done this before, we have spent a lot of time in the Department looking to past experience, to experts, to other parts of the Government for help. I, for example, have visited private employers, large firms that have experienced major cutbacks in employment. We have had staff looking at literature: popular press reports, professional journals, and so on that have described the experience of large organizations in the private sector.

We have examined past military cases. Vietnam and Korea, obviously, are the cases most germane here. Although, again, I want to emphasize the experience there is not entirely relevant because of the composition of the force we were drawing down, and the fact that so many of them were draftees.

We have also worked with other agencies of the Government very closely. The Office of Personnel Management, the Department of Veterans Affairs, the Department of Labor, the Department of Education, all of whom are very willing to help us, and in some cases, already providing that help. For instance, as we speak, Mr. Tom Collins, the Assistant Secretary of Labor for Veterans' Training and Education, is in Europe this week right now with an interagency team, talking to military leadership in Europe and our troops over there to find out what they need, but also to explore the possibility of expanding some of our programs that are now provided here in CONUS to troops in Europe.

Fortunately for this process, as you suggested in your remarks, we have a lot in place already. Things such as the transition assistance program provided jointly by the Department of Labor, Department of Veterans Affairs, and the Department of Defense. We have got unemployment insurance, albeit, perhaps, a more limited form than we ought to have; relocation assistance; programs like our New Careers in Education.

I have organized, also, in the Office of the Secretary of Defense within Force Management and Personnel, a new directorate to coordinate, plan, and manage the wide variety of transition assistance programs we already have under way and those we expect to have under way. I have placed that new directorate under the direction of a member of the Senior Executive Service to ensure that we have good leadership and coordination throughout the Department on these programs.

We will be putting more programs in place, things we can do under the authority already resident in the Department of Defense; and we expect to have these things in place by October 1. I have already received approval in concept from the Secretary of Defense to implement a number of things. These are the things we are going to implement by the 1st of October.

For example, we will implement an automated outplacement service for military members, their spouses, and other family members. Other things we hope to implement include expanded family counseling, relocation services, commissary and PX privileges, permissive travel orders so people can go house and job hunting in the civilian communities to which they wish to relocate, and possibly the provision of government quarters for a limited time to those separating.

We have also developed a public information plan to ensure that we communicate well with the members of the military on the draw-down. That would include making sure they understand exactly what is available to them in terms of transition assistance. And I might add that the importance of communication is an important lesson we have learned as we have talked to private employers and other organizations that have experienced this kind of draw-down in the past.

Perhaps the biggest contributor to the anxiety to which Senator McCain referred is uncertainty, lack of knowledge about exactly what is going to happen, and how people are going to be taken care of. So we are going to be spending a great deal of time trying to communicate effectively with them. We are also going to be setting up mechanisms to ensure that we get good feedback from the troops on how well we are doing, how well the transition assistance is meeting their needs. But all of that will not be enough.

We are going to need more than we can simply do ourselves. We need help from you, particularly, but the Congress in general, on very essential legislation. We have already talked this morning about some of that: separation pay for enlisted members, we will have to address directly; medical benefits, we would like to expand in the transition assistance program; and then, of course, in addition, we need changes to the officer management legislation we have talked about on several occasions before this committee.

We look forward to working with you and your staff and the other members of this committee over the next few weeks to assemble a sensible, cost-effective package. And I hope we can get all that done by the 1st of October, especially the management authority. But if not by the 1st of October, as soon as possible thereafter, so we can provide assistance to those members of the military who will be leaving during fiscal year 1991.

Thank you very much. I will, of course, be ready for your questions.

[The prepared statement of Mr. Jehn follows:]

STATEMENT
OF THE
ASSISTANT SECRETARY OF DEFENSE
FOR
FORCE MANAGEMENT AND PERSONNEL

HONORABLE CHRISTOPHER JEHN

Good morning Mr. Chairman and members of the Subcommittee. It is my pleasure to be here with you today to discuss the important and timely subject of transition assistance.

INTRODUCTION

At the outset, I wish to thank you, the members of this Subcommittee, and your staff for your keen interest in and concern for the combat readiness of our forces, and the welfare of our fine men and women in the service of our country. We in the Department want to work closely with you, along with the other pertinent House and Senate Committees and government agencies, as we fine-tune our plan for transitioning separated personnel into the private sector -- ensuring that the plan is comprehensive, fair, and affordable to the American taxpayer.

Our overall goals in developing this plan are the following: to plan a drawdown of our Armed Forces that maintains readiness and combat effectiveness as well as maintains the quality of life of our people; to maintain a balanced personnel mix -- paygrades, experience, and occupations; to sustain military and civilian career satisfaction -- ensuring the continuance of challenging, rewarding opportunities; and to treat those who depart with fairness by providing severance pay and transition assistance benefits that sufficiently cover the unexpected loss of a career in the U.S. Armed Forces.

Transition assistance, briefly stated, is the sum of those programs we put in place to aid our military and civilian personnel in transitioning out of DoD employment and into the private sector. Secretary Cheney and I consider a sound transition assistance program to be a top priority for the Department. Today, I will be presenting a summary of the key elements of the Department of Defense Transition Assistance Management Plan (TAMP).

BACKGROUND

These are indeed dynamic times in world events. The multitude of changes occurring around the world are being factored into the planning process which is currently underway in the Pentagon. The size of our force structure will be greatly affected. The Total Force Policy Study is underway, and we are incorporating its work into the overall planning process.

In FY '91, we expect significant losses that would warrant the need for additional involuntary separation benefits. In the FY '92-'97 timeframe, we expect additional losses, probably of much greater magnitude. Consideration is being given to transition assistance programs, which are being factored into our overall planning process.

Not since World War II has the Department experienced a force drawdown as significant as the present expectations. In order to gain insights into effective and thoughtful ways of downsizing the Armed Forces, we have looked at the experiences of our forces following the Korean and Vietnam encounters, as well as recent experiences of American industry.

In contrast to today's forces, when the bulk of military personnel are Regulars, the vast majority of the military forces in the 1953-1958 period were Reserves or draftees. As a consequence, through the expected release of reservists to inactive duty and the slowing-down of draft calls, involuntary releases of career personnel were kept to a minimum.

While the Veterans Administration provided Korean War "GI Bill" educational benefits and counseling to veterans leaving active service, there were no extraordinary efforts to assist the veterans in civilian job-seeking efforts.

During the Vietnam Conflict, the majority of serving military personnel, whether draftees or volunteers, were Reservists and not committed to long-term military careers. As a result, by adjusting the level of draft calls and OCS classes, and managing the release of reserve enlisted personnel and officers, the reductions in military strength over the 1968-1972 period were executed without having to involuntarily discharge career military personnel. In the following four years, however, both Army and Air Force were forced to involuntarily release some career officers.

Project Transition, initiated by the President and involving many related Federal programs, was the major undertaking at that time for transition of departing service personnel into the civilian world. Approximately 300,000 personnel were trained and otherwise assisted during the 6 to 7 years of the program's operation.

Prompted by increasing competition, mergers, acquisitions and other factors, downsizing has become a common necessity in American industry since the mid-1980s. Through ongoing communication with affected corporations, informed academics, and key personnel and management executives, we are familiar with the transition experiences of American companies.

Additionally, we are working with other affected federal agencies. The Department of Defense has recently signed a Memorandum of Understanding with the Departments of Labor and Veterans Affairs to kick-off our Transition Assistance Program (TAP).

Additionally, I am working with Bob Jones and Tom Collins, Assistant Secretaries of Labor for Employment and Training and Veterans' Employment and Training, respectively; D'Wayne Gray, Chief Benefits Director, Department of Veterans Affairs; and Connie Newman, Director of the Office of Personnel Management.

In sum, we are structuring our Transition Assistance Management Plan in a deliberate and measured fashion, in order to build upon identified successes and to avoid past mistakes. It is our intent to maintain an evolving plan. By doing so, we will continue to build upon good ideas and fine-tune our program as we receive feedback from the field.

TRANSITION ASSISTANCE MANAGEMENT PLAN

Let me now summarize for you the key elements of the TAMP. I will categorize these initiatives in terms of those that are currently in place; those within the purview of the Department that are in the final stages of development and coordination; and those requiring legislation.

EXISTING PROGRAMS:

The following transition assistance programs, divided into military, civilian, and community assistance categories for ease of reference, are presently up and running for current and former Department of Defense employees.

MILITARY

TAP: The Transition Assistance Program (TAP) is a 3-day workshop providing Service members the skills and knowledge to assess their professional, technical, and vocational capabilities and interests, conduct job searches, develop resumes, and prepare for interviews. It also provides labor-market information specific to the individual's geographic choice and follow-up job placement resources through the Department of Labor's state employment service offices. By law, the program is limited to a pilot program at no more than ten states. Currently, the program is at 22 sites in 7 states and will be conducted four or five times at each site through the 1990 calendar year. The program is voluntary for active duty military, and spouses may attend on a space-available basis.

DTAP: TAP for disabled veterans, known as the DTAP, is similar to the TAP, but also includes an extra half-day, involving one-on-one counseling with the program participants, who are principally disabled veterans leaving the Service from a veteran's hospital.

SEPARATION PAY: Separation pay is currently provided to all otherwise qualified officers and Reserve enlisted personnel on active duty who are involuntarily separated after five years of service. It is not provided to departing Regular enlisted personnel. The amount of pay equals 10 percent of the current annual pay multiplied by the years of service, but not to exceed $30,000. I will discuss this item in more detail later in my testimony.

UNEMPLOYMENT COMPENSATION: Generally, military members who are honorably separated from service, either voluntarily or involuntarily, qualify for unemployment compensation. Up to thirteen weeks of compensation are allowed, following a four-week waiting period.

EDUCATION/TRAINING: Our "New Careers in Education" program is the result of a cooperative effort between the Departments of Defense and Education, formalized in 1986. Through this program, the Departments provide information and educational opportunities for retired, retiring, and separating military personnel who wish to consider teaching as a new career upon leaving the Service. We work with states who are considering alternative certification for teachers, and provide state certification requirement information to our Service men and women. The Army and Navy have a pilot program at several sites where courses needed for teacher certification are provided to our Service members, as well as to military spouses and civilians where space is available. This program promotes the infusion of highly trained and qualified individuals, many of whom are expert in the highly desired and needed fields of math and science, into our nation's school system.

Other education and training programs that would enhance job placement in the civilian community are continually offered to military active duty personnel. Service members who elected to participate in the Montgomery G.I. Bill while on active duty are eligible for educational benefits. Service members may also be eligible for Federal student aid through the Department of Education.

MEDICAL BENEFITS: Presently, DoD offers all separating military the option of purchasing a DoD-negotiated health insurance policy. Under this policy, members are guaranteed coverage for themselves and their families, except for pre-existing conditions.

FAMILY RELOCATION AND COUNSELING: Consultation, information regarding new communities, counseling, spouse employment assistance, and relocation services are currently provided at 367 family centers throughout DoD. These programs are currently being revised to improve and automate relocation services, in accordance with recent congressional direction.

GOVERNMENT HOUSING: Current policy allows installation commanders to permit continued occupancy of Government housing by separated service members for up to 90 days under certain circumstances termed "hardship cases." During this occupancy, the member or his family pays rent for the housing at a reasonable rate.

RELOCATION COMPENSATION: Military personnel with eight or more years of continuous service who are involuntarily released from active duty with separation pay are entitled to payment for a last move to the home of their selection, and to storage of household goods for up to one year before the move. Involuntarily separated members with fewer than eight years, and voluntarily separated members are provided with relocation expenses from last duty station to the place of initial enlistment or to their home-of-record, including up to 180 days of temporary storage.

CIVILIAN

PLACEMENT ASSISTANCE: The DoD Priority Placement Program (PPP) provides the principal mechanism for placing employees who have been displaced during a reduction-in-force (RIF) into vacant Defense Department positions. Since its inception in 1965, new jobs have been found for more than 91,000 employees. In this program, displaced employees register in a computerized system that provides lists of available, qualified people to DoD civilian personnel offices all over the world. When a vacant position matches the skill and general pay level of a registrant, all recruiting action stops and the job is offered to the displaced employee.

RIFed government employees also can register in the Office of Personnel Management's Displaced Employee Program and through this means are given consideration for vacancies in other Federal agencies.

EARLY RETIREMENT: In selected cases, optional early retirement in organizations undergoing significant drawdowns or reorganizations may be authorized for civilians. Generally, this applies in situations where at least 5 percent of the workers face separation or 20 percent will incur downgrading. Individuals must meet certain criteria regarding age and years of service, and retirement benefits are then calculated with those criteria taken into consideration.

SEVERANCE PAY: Severance pay of up to one year's salary is authorized for those civilian employees who do not qualify for immediate retirement benefits and who are involuntarily separated due to RIFs and base closures. The benefits are based on age and length of service.

UNEMPLOYMENT COMPENSATION: Unemployment compensation is the responsibility of the State Employment Office. In general, however, RIFed civilians may receive up to 26 weeks of benefits starting one week after separation.

COMMUNITY ASSISTANCE

The Department of Defense has supported a program of economic adjustment assistance to Defense-impacted communities since 1961. Communities adversely affected by base closures and realignments and by contract reductions may be eligible for this assistance. It comes in the form of grants for base re-use planning or studies to outline effective economic adjustment activities to help communities replace the jobs lost because of these closure actions.

DOD POLICY CHANGE CONSIDERATIONS:

The following elements of TAMP are within the authority of the Department of Defense to implement. We support the following initiatives in concept, and they are currently in various stages of development and implementation.

OUTPLACEMENT: The Defense Manpower Data Center is now developing a centralized computer data base containing information on military and civilian personnel and their spouses who have been adversely impacted by involuntary separation -- for the purposes of job referral outside DoD. We do not currently refer military or civilian personnel for employment outside of the federal government. The initiative we have developed will improve and enhance existing computer systems, including that used for the Priority Placement Program, to provide voluntary registration and referral for civilians and military personnel for job opportunities outside DoD. Using existing systems to the extent possible will both minimize cost and shorten implementation time. We envision referral to the maximum population, including government agencies, state and local governments, and industry.

COUNSELING AND FAMILY RELOCATION: We are augmenting existing counseling and assistance services for the expected increase in relocations of military separatees, and the attendant stress and need for information that will result. Expansion of services would include: full implementation of an automated relocation program; enhanced ties with local community resources, employers, private industry councils and other military installations; more detailed information about moving requirements and geographical options; planning with affected military communities; information briefings, support groups, and counseling programs; and work with schools and children to ease stress and anxiety about moving and lifestyle changes.

Military chaplains from the three Departments will also provide additional personal, crisis, and transitioning counseling to departing service personnel and their family members.

COMMISSARY/EXCHANGE PRIVILEGES: The Department is seriously considering extending the use of the post commissary and exchange, for food and household item savings, for 90 days after separation of military personnel. This action could assist the Service member and his or her family in the sudden transition to civilian life by continuing, for a reasonable period of time, this military entitlement. Since the member has been using these facilities while on active duty, this brief extension will not increase crowding or disenfranchise other authorized patrons.

PERMISSIVE LEAVE POLICY: Authority for job and house-hunting trips, at no cost to the Government, can be permissively granted to involuntary separatees. This could afford our displaced military and civilian personnel the maximum possibility to make a smooth transition into the private sector.

GOVERNMENT HOUSING: We are considering extending the current policy of allowing certain involuntarily separated Service members to remain in Government housing for up to 90 days after separation. As is the case now, the member or his family would pay rent at a reasonable rate after separation. We anticipate that only a small number of ex-Service men or women will need to utilize this benefit during part of the allowed period.

INITIATIVES REQUIRING LEGISLATIVE ACTION:

The following elements of TAMP will require legislative action.

MILITARY AND CIVILIAN

TAP/DTAP EXPANSION: The Department of Defense supports the concept of expanding the TAP/DTAP program, beginning October 1990, to include all military sites, both in the United States and overseas, and to extend the program to displaced civilian personnel. We are currently working the details of this proposal with the Department of Labor and the Department of Veterans Affairs.

MILITARY

OFFICER MANAGEMENT FLEXIBILITY: The Department forwarded proposed legislation to Congress in July 1989 for revisions to the Defense Officer Personnel Management Act (DOPMA). This legislation, if enacted, would enable a more balanced reduction/restructuring of the officer corps as well as improved career progression. It would do so by expanding the year groups of officers eligible for both voluntary and involuntary reductions. No additional cost would be incurred by enactment of these changes.

SEPARATION PAY: The Department of Defense is proposing legislation which would expand the current coverage of separation pay, which I summarized earlier, to Regular enlisted service members. In addition, it would lift the cap on pay ($30,000) based on the current formula. Lifting the cap will permit us to appropriately recognize longer military service with higher separation pay. It will also provide equity to those dedicated enlisted personnel who, at advanced states of their careers, would otherwise be forced to leave the service without separation pay. Our proposal would be a permanent change to the law.

MEDICAL BENEFITS: The Department of Defense supports, in concept, the provision of some form of medical care for involuntary separatees and their families. We are examining various options of extended medical benefits. One option is to offer the medical insurance that is presently available upon separation, but to add coverage for pre-existing medical conditions.

Further analysis is ongoing with DoD's Office of Health Affairs to determine the best way to provide health care for involuntarily separated members and their families at reasonable cost.

EXTENDED UNEMPLOYMENT COMPENSATION: We are currently considering options for changes to unemployment compensation for involuntarily separated military. One possibility would be to adopt the policy currently allowed for civilians, i.e., up to 26 weeks of coverage, beginning one week after separation.

We are currently costing various options, which we will present to the Secretary of Defense soon.

EXPANDED MONTGOMERY G.I. BILL: The Montgomery G.I. Bill is an educational benefit provided by law that provides financial assistance to ex-military members after separation from service. Service members are enrolled upon initial entry on active duty, but may choose to disenroll if they do not wish to participate. Enrollees have their pay reduced by $100 per month for 12 months. The expected benefits amount to $10,800 for those serving on active duty three or more years, and $9,000 for two years.

Approximately 72 percent of the force is currently enrolled. Those who chose not to enroll did so primarily because: they believed their careers in the military were secure and would last their entire working lifetime; they could not afford to pay the $100 per month for a year, many having other expenses in rearing young families; or they simply did not believe or understand that they had only one chance to sign up for this benefit.

One option would be to consider an open season for involuntarily separated military personnel. We are working with the Department of Veterans Affairs on this initiative.

CIVILIAN

RETIREMENT/PAY/BENEFITS: Discussions are currently underway with the Office of Management and Budget and the Office of Personnel Management regarding more flexibility in civilian retirement options.

CONCLUSION

I would like to say in conclusion that we will maintain our commitment to overall fairness to those who will be forced to depart military and civilian service in the Defense Department, while providing due consideration to those who remain.

I think it is clear to see from my testimony that the transition assistance programs the Department currently has in place are not adequate to support the anticipated military and civilian personnel downsizing. We have structured the elements of our enhanced Transition Assistance Management Plan to cover all facets of military and civilian life -- compensation, education and training, medical coverage, re-employment assistance, and family concerns.

In addition to the transition assistance initiatives, such as separation pay, I believe one of the most important Congressional actions we need, to maintain readiness and combat effectiveness in the Armed Forces, is the revision of the Defense Officer Personnel Management Act.

We will continue to develop our transition assistance plan as we work with the Military Departments, other organizations within the Office of the Secretary of Defense, and the Departments of Labor and Veterans Affairs. Additionally, we will gather feedback from the troops and their families through existing programs like TAP, in an effort to continually refine our efforts, and to develop new approaches, as needed. We need your assistance as we spread the word that our separating personnel are high quality, valuable individuals who have much to offer to civilian employers and to communities.

Meanwhile, I am committed to the belief that service, either military or civilian, in the Department of Defense is a privilege, and we must strive to retain and attract a high caliber workforce and offer them challenging and rewarding career opportunities. In taking care of those who are leaving, we must not lose sight of the needs of those who stay with us in helping to maintain a strong and combat ready U.S. Armed Forces.

I look forward to our continuing dialogue on this very important subject of transition assistance. Indeed, we are partners in this endeavor, and we must work together for the overall welfare of DoD personnel, and ultimately, the nation. I again thank you and your staff for working with us on this important effort.

I would be happy to answer any questions you may have at this time.

Senator **Glenn**. Good. Do any of the rest of you have opening statements? General Ono.

STATEMENT OF LT. GEN. ALLEN K. ONO, USA, DEPUTY CHIEF OF STAFF AND PERSONNEL

General **Ono**. Good morning, Mr. Chairman.

This is a very, very important hearing for the Army, and it is a pleasure to be here. We are the first service to feel the brunt of the military reductions, as you know. And taking care of people during these difficult times is not just the right thing to do, but for the Army it is a readiness issue.

Today's Army is a quality force. And we salute this committee, because you are the ones who encouraged us and supported us because we had the longest way to come in regard to recruiting. What we plan to do is to shape this force as we reduce, to actually and deliberately keep it a trained and ready Army at all times during the reduction periods.

We took a number of tough actions this year, Mr. Chairman, and I just want to tell you what they are. Because our reduction totals 20,000 this year. We cut the accessions to the bare minimum levels to sustain readiness. We are involuntarily retiring over 300 officers, and we are allowing soldiers to voluntarily leave early. And even after doing all of that, we are forcing out 650 first lieutenants this year. These are all tough actions.

And next year's reduction totals 20,000 again. And we cannot do this simply by attrition and considering it as if we are at business as usual; we need certain things. And for that reason, we applaud Senator McCain for introducing his bill, because for the most part, we support it, especially the portion that deals with separation pay for the enlisted force, a very essential, necessary, and practical thing to do.

Second, as we discussed earlier in different sessions, we do need temporary relief in DOPMA in order to shape a balanced officer force. We consider this provision, then, an important part of our transition program.

And, third, we cannot absorb——

Senator **Glenn**. Are you talking about the program that we talked about at our last hearing?

General **Ono**. Yes, sir.

Senator **Glenn**. Okay.

General **Ono**. It may appear to be unrelated, but to us it is directly related, in order to do an orderly drawn-down of the force.

And third, we cannot absorb reductions at levels higher than what is programmed without hurting people and without damaging combat readiness. This year's reduction, as I said, is 20,000, next year's is 20,000 and fiscal year 1992 is 35,000; these are big numbers. We just cannot go higher.

We have a good transition program. We do a lot of things, and I think you know what they are. Primarily, what we try to do is to have soldiers leave us with a smile on their faces, so they can become good Army alumni and productive citizens of this great Nation of ours.

We appreciate the proposals that have been introduced that tell our soldiers and our families that you are thinking about them, and you care for them.

Thank you very much, Mr. Chairman.

[The prepared statement of General Ono follows:]

STATEMENT BY
LIEUTENANT GENERAL ALLEN K. ONO
DEPUTY CHIEF OF STAFF FOR PERSONNEL
U.S. ARMY

INTRODUCTION

MISTER CHAIRMAN, MEMBERS OF THE COMMITTEE, I APPRECIATE THE PRIVILEGE TO APPEAR BEFORE THE COMMITTEE AGAIN TO DISCUSS PROGRAMS CRITICAL TO OUR QUALITY ARMY. YOUR ARMY IS A QUALITY FORCE. IT WAS THROUGH YOUR SUPPORT AND A LOT OF HARD WORK THAT BRIGHT, MOTIVATED AND DISCIPLINED SOLDIERS WERE RECRUITED INTO THE ARMY. THEY ARE LED BY SOLID LEADERS, BOTH OFFICERS AND NONCOMMISSIONED OFFICERS. AMERICA HAS A TRAINED AND READY ARMY. I THANK ESPECIALLY THIS COMMITTEE FOR YOUR SUPPORT AND ASSISTANCE IN BUILDING OUR QUALITY ARMY.

TRANSITION TO A SMALLER, CAPABLE FORCE

THE ARMY WILL DECREASE IN SIZE OVER THE NEXT SEVERAL YEARS. OUR PLAN IS TO SHAPE THE FORCE SO THE ARMY REMAINS TRAINED AND READY AT ALL TIMES, AND TO BUILD DOWN TO A SMALLER AND EQUALLY CAPABLE FORCE. YOU SAW WHAT A QUALITY ARMY CAN DO DURING OPERATION JUST CAUSE IN PANAMA. THE ARMY'S PERFORMANCE WAS OUTSTANDING. THIS IS THIS QUALITY WHICH OUR PLAN PRESERVES.

THE ARMY'S TRANSITION TO A SMALLER FORCE WILL BE GUIDED BY SIX IMPERATIVES:

1. ATTRACT AND RETAIN HIGH QUALITY SOLDIERS AND CIVILIANS
2. MAINTAIN FORWARD LOOKING WARFIGHTING DOCTRINE

3. MAINTAIN THE FORCE MIX OF LIGHT, HEAVY, AND SPECIAL OPERATION FORCE UNITS REQUIRED BY NATIONAL STRATEGY
4. CONDUCT TOUGH, REALISTIC TRAINING
5. CONTINUOUSLY MODERNIZE TO ENSURE ARMY FORCES HAVE NEEDED WARFIGHTING CAPABILITIES
6. DEVELOP COMPETENT, CONFIDENT LEADERS

MANPOWER REDUCTION STRATEGY

MANPOWER REDUCTIONS WILL BE LINKED, BOTH IN SIZE AND TIMING, TO FORCE STRUCTURE REDUCTIONS. THIS IS NECESSARY TO MAINTAIN QUALITY WHILE PRESERVING READINESS. THE ARMY REMAINS COMMITTED TO A MANPOWER MANAGEMENT STRATEGY BASED ON RECRUITING AND RETAINING HIGH QUALITY PERSONNEL, CONTINUING LEADER DEVELOPMENT, CONTROLLING TURBULENCE, MAINTAINING PROMOTION FLOW, AND EXECUTING PERFORMANCE-BASED SEPARATIONS.

OUR PLAN IS BASED ON A REDUCTION OF 20,000 SOLDIERS IN FY 91 AND 35,000 SOLDIERS PER YEAR AFTER THAT. THE MAXIMUM REDUCTION THAT COULD BE TAKEN IN ANY ONE YEAR IS 35,000 SOLDIERS. REDUCTIONS GREATER THAN THIS WOULD CREATE FORCE STRUCTURE AND PERSONNEL IMBALANCES AND UNNECESSARY TURBULENCE. THIS WOULD FORCE THE ARMY INTO QUANTITATIVE FORCE REDUCTIONS WHERE FULLY QUALIFIED MID-CAREER OFFICERS AND NONCOMMISSIONED OFFICERS WOULD BE INVOLUNTARILY SEPARATED.

HOWEVER, EVEN AT A SUSTAINED REDUCTION OF 35,000 SOLDIERS ANNUALLY OVER A FIVE YEAR PERIOD, THE ARMY WOULD NEED TO SEPARATE INVOLUNTARILY A SIGNIFICANT NUMBER OF SOLDIERS. IF WE ARE FORCED TO TAKE DEEPER CUTS AT A STEEPER RAMP THAT EXCEEDS 35,000 SOLDIERS PER YEAR, HARSHER

INVOLUNTARY SEPARATION ACTIONS WILL BE REQUIRED IN EVEN GREATER NUMBERS.

PERSONNEL MANAGEMENT ACTIONS

WHAT MANAGEMENT ACTIONS ARE AVAILABLE AND WHAT IMPACT WOULD THEY HAVE?

OFFICER PERSONNEL

THE ARMY ALREADY HAS RESORTED TO VARIOUS PROGRAMS WITHIN ITS AUTHORITY TO REDUCE THE OFFICER CORPS.

WE HAVE REDUCED OFFICER ACCESSIONS TO THE LEVEL REQUIRED TO SUSTAIN THE END STATE FORCE. SINCE WE WILL NOT REACH THE END STATE FOR SEVERAL YEARS, WE WILL ENDURE SOME UNDERMANNING IN THE INTERIM. WE ARE ALREADY AT THE BARE BONE; THEREFORE, WE CANNOT TAKE ADDITIONAL REDUCTIONS THROUGH ACCESSIONS WITHOUT JEOPARDIZING THE FUTURE LEADERSHIP OF THE ARMY.

THE FISCAL YEAR 1990 VOLUNTARY EARLY OUT PROGRAM WILL GENERATE APPROXIMATELY 550 ADDITIONAL REDUCTIONS. UNDER THIS PROGRAM, OFFICERS ARE BEING ALLOWED TO SEPARATE EARLIER THAN THEIR CURRENT ACTIVE DUTY OBLIGATION.

THE ARMY IS ALSO RELEASING INVOLUNTARILY 646 FIRST LIEUTENANTS THIS FISCAL YEAR. THESE ARE REGULAR ARMY AND OTHER THAN REGULAR ARMY OFFICERS. THE ARMY TOOK THIS DIFFICULT ACTION TO SHAPE THE FORCE FOR THE FUTURE.

ANOTHER DIFFICULT ACTION UNDERTAKEN IN FY90 WAS THE SELECTIVE EARLY RETIREMENT PROGRAM, WHICH EARMARKED OVER 300 COLONELS AND LIEUTENANT COLONELS FOR INVOLUNTARY RETIREMENT THIS YEAR.

WHAT I HAVE DESCRIBED ARE DIFFICULT BUT NECESSARY ACTIONS THE ARMY HAS BEEN ABLE TO TAKE WITHIN ITS AUTHORITY. ANY FUTURE REDUCTIONS MUST BE TAKEN THROUGH FORCED ATTRITION WHICH REQUIRES LEGISLATION. PLAINLY, THE ARMY DESPERATELY NEEDS TEMPORARY CHANGES TO **DOPMA**.

LEGISLATIVE IMPERATIVES

THE ARMY NEEDS DEFENSE OFFICER PERSONNEL MANAGEMENT ACT (DOPMA) FLEXIBILITY. A PROPOSED BILL CONTAINING SIX PROVISIONS INTENDED TO FACILITATE OFFICER REDUCTIONS HAS BEEN INTRODUCED. THE RATIONALE FOR THIS BILL WAS BASED ON LESSONS LEARNED FROM THE PREVIOUS OFFICER REDUCTIONS WHICH SHOWED THAT THE PROVISIONS OF DOPMA ARE NOT ADEQUATE UNDER CERTAIN CONDITIONS TO SHAPE THE FORCE PRUDENTLY. THIS IS PARTICULARLY TRUE WHEN LARGE REDUCTIONS ARE LEVIED WITHOUT ENOUGH LEAD TIME TO ADJUST PERSONNEL MANAGEMENT PLANS ACCORDINGLY.

DOPMA IS AN EXCELLENT LAW. THE ARMY IS NOT SEEKING A CHANGE IN ITS INTENT. HOWEVER. BECAUSE DOPMA WAS NOT DESIGNED TO ACCOMMODATE LARGE, SUSTAINED REDUCTIONS, WE ARE SEEKING TEMPORARY FLEXIBILITY TO ALLOW US TO MANAGE THE REDUCTIONS INTELLIGENTLY. THIS TEMPORARY RELIEF WILL HELP US BALANCE AND ALIGN THE ARMY OF THE FUTURE CONSISTENT WITH THE GOALS ORIGINALLY ESTABLISHED BY DOPMA.

THIS LEGISLATIVE RELIEF IS REQUIRED PRIOR TO THE FISCAL YEAR 1991 AUTHORIZATION ACT TO ALLOW SUFFICIENT TIME FOR PERSONNEL MANAGERS TO DEVELOP AND ANNOUNCE FISCAL YEAR 1991 REDUCTION PROGRAMS AND TO PLAN FOR THOSE EXPECTED IN FISCAL YEAR 1992 AND BEYOND. THE PROPOSED LEGISLATION, IF ENACTED QUICKLY, WILL PERMIT US TO MANAGE WITHIN FISCAL CONSTRAINTS AND PROVIDE SUFFICIENT NOTICE TO AFFECTED

SOLDIERS AND FAMILIES.

ENLISTED PERSONNEL

THE ARMY WILL USE VARIED TECHNIQUES TO ACHIEVE THE ENLISTED REDUCTIONS REQUIRED. THE EXACT MIX OF TOOLS WILL BE DETERMINED BY THE NATURE AND SIZE OF THE FORCE STRUCTURE CUTS. WHAT IS MORE, ALTHOUGH WE WILL REDUCE ACCESSIONS TO THE BARE REQUIREMENTS TO SUSTAIN READINESS AND TO MEET THE ARMY'S FUTURE LEADERSHIP AND TECHNICAL NEEDS, OUR EMPHASIS WILL CONTINUE TO BE ON RECRUITING AND RETAINING QUALITY SOLDIERS.

THE ARMY HAS EMPLOYED A VIGOROUS QUALITATIVE MANAGEMENT PROGRAM THAT IDENTIFIES AND RELEASES SOLDIERS WHO HAVE NOT MEET ARMY STANDARDS. WE PLAN TO CONTINUE THIS PROGRAM.

RETENTION CONTROL IS ANOTHER PROGRAM NECESSARY TO SHAPE AND BALANCE THE ENLISTED FORCE. THIS MEANS SOLDIERS WHO HAVE NOT BEEN PROMOTED AT CERTAIN YEARS OF SERVICE ARE NOT ALLOWED TO CONTINUE IN THE ARMY.

ALTHOUGH WE HAVE CONSIDERED SELECTIVE EARLY RETIREMENT AND REDUCTION IN FORCE PROGRAMS FOR ENLISTED SOLDIERS, WE HOPE TO AVOID USING THESE FORCED REDUCTION PROGRAMS. THESE WILL BE OPTIONS OF LAST RESORT TO BE EMPLOYED ONLY AFTER ALL OTHER OPTIONS ARE EXHAUSTED.

LEGISLATIVE REQUIREMENTS

GOOD SOLDIERS WHO INTENDED TO REMAIN IN THE ARMY FOR A FULL CAREER. WILL BE LEAVING. THEY DESERVE TO BE TREATED WELL, AND THEY DESERVE THE THANKS OF A GRATEFUL NATION.

WHILE SEPARATING OFFICERS ARE ELIGIBLE TO RECEIVE SEPARATION PAY, THAT OPTION IS NOT AVAILABLE TO ENLISTED SOLDIERS. DOD HAS RECENTLY SUBMITTED A LEGISLATIVE PROPOSAL EXTENDING SEPARATION PAY TO ENLISTED SOLDIERS. THE ARMY SUPPORTS THE PROPOSAL. THE PROPOSAL REMOVES THE CURRENT $30,000 CEILING ON PAYMENTS. WE SUPPORT THAT CHANGE AS NECESSARY AND PRACTICAL.

TRANSITION ASSISTANCE

A NUMBER OF PROPOSALS HAVE BEEN ADVANCED TO HELP THOSE LEAVING MILITARY SERVICE, BOTH OFFICERS AND ENLISTED SOLDIERS. ALL ARE WELL MEANING. WE APPLAUD THOSE RAISING THESE INITIATIVES. CLEARLY, THEIR SPONSORS AND SUPPORTERS UNDERSTAND THE NEED TO TAKE CARE OF OUR SOLDIERS AND THEIR FAMILIES.

WE HAVE NOT COMPLETED OUR EVALUATION OF THESE PROPOSALS, ESPECIALLY IN THE AREA OF FIXING COSTS FOR THE VARIOUS PROGRAM INITIATIVES. WE ARE STUDYING THE DIRECT AND INDIRECT IMPACT THESE WILL HAVE ON TODAY'S SOLDIERS AND ON THOSE WHO WILL SERVE IN THE FUTURE.

WE MUST CONTINUE TO RETAIN QUALITY SOLDIERS IN OUR ARMY. TRANSITION PROGRAMS MUST BE FOCUSED ON THOSE WHOSE CAREERS ARE INTERRUPTED. OUR PROGRAMS MUST NOT BE AN INCENTIVE FOR QUALITY SOLDIERS TO LEAVE.

SO I AM NOT MISUNDERSTOOD, I WANT TO MAKE IT PLAIN THAT WE APPRECIATE THOSE WHO HAVE STEPPED FORWARD WITH TRANSITION ASSISTANCE PROPOSALS. I AM HOPEFUL THAT THE RESULTING PROGRAMS WILL GO FAR IN MEETING THE NEEDS OF OUR SEPARATING SOLDIERS AND FAMILIES.

RECENTLY, I DEVELOPED A COMMANDER'S GUIDE TO ASSIST THE MORE THAN 600 LIEUTENANTS WHO WILL BE INVOLUNTARILY SEPARATED THIS YEAR. THE GUIDE PROVIDES ADVICE ON RESOURCES AVAILABLE TO ASSIST SOLDIERS AND THEIR FAMILIES IN THE PROCESS OF PLANNING FOR THE FUTURE. THE GUIDE REMINDS COMMANDERS THAT ASSISTING SOLDIERS AND THEIR FAMILIES IS IMPORTANT AND THAT ASSETS ARE AVAILABLE AT THEIR INSTALLATIONS. I HAVE INCLUDED A COPY OF THIS GUIDE WITH MY STATEMENT.

SUMMARY

LET ME CONCLUDE BY EMPHASIZING TWO KEY POINTS.

FIRST, THE ARMY RECOGNIZES THAT WE WILL BECOME SMALLER. WE HAVE PLANNED FOR IT AND ARE PREPARED TO EXECUTE THAT PLAN. WE MUST PROCEED IN AN ORDERLY MANNER TO MAINTAIN THE QUALITY WE HAVE WORKED SO HARD TO ATTAIN, TO MAINTAIN READINESS, AND TO ENSURE WE DO NOT DAMAGE THE ARMY OR PUT THE NATION AT RISK.

SECOND, WE CANNOT FORGET THE CONTRIBUTIONS OF THE SOLDIERS AND THE FAMILIES WHO WILL BE SEPARATING. WE MUST ASSIST THEM IN THEIR TRANSITION. BY ADHERING TO OUR IMPERATIVES AND WITH THE LEGISLATIVE PACKAGES WE HAVE REQUESTED, WE CAN EMERGE AS A STRONG, READY ARMY. WE MUST BE SMART AND FOCUS ON CARING SUPPORT FOR THE PEOPLE WHO ARE THE ARMY.

I AM PREPARED TO ANSWER YOUR QUESTIONS.

PLANNING FOR THE FUTURE
A COMMANDER'S GUIDE, May 1990

Lieutenant General Allen K. Ono, DCSPER

INTRODUCTION

Approximately 600 lieutenants will be leaving the Army involuntarily this year as a result of the recent Regular Army Probationary/Conditional Voluntary Indefinite (CVI) Selection Board. They will be notified through their chain of command later this month. We will be asking for the personal participation of the leadership to help these officers and their families make a smooth transition from active service.

This Commander's Guide has been developed to assist this group of career-interrupted officers. The guide provides advice on resources to assist soldiers and their families in the important process of planning for the future.

Downsizing the Army is an issue of national importance. As leaders, we must begin mobilizing our installation resources to assist soldiers and their family members who will be separated involuntarily from active service.

We must remember that we are dealing with people whose families, lives, and futures will be affected. They need transition assistance, care, and compassion as they return to the civilian communities of their choice.

Because the Army is such a large, widely dispersed organization, precise management of the transition process must be delegated to local commanders. Therefore, you play a key role in the development and execution of your installation's transition programs.

Involuntary separations are not new to the Army. We must build upon lessons learned to provide quality transition assistance to soldier families rejoining the civilian community. This guide is provided to ensure that we capitalize on the valuable lessons already learned.

INITIAL SOLDIER REACTION

Soldiers and families affected by involuntary separations will go through a period of trauma and emotional distress. Installations must effectively mobilize resources to assist soldiers and families deal with the shock, anger, confusion, panic, and loss of personal and professional self-esteem that will accompany involuntary separation. This reaction is natural and must be overcome quickly because there is much to be done.

PRIMARY CONCERNS

The immediate issues facing career-interrupted soldiers and their families will include: How much money will I have? What work will I do? Where will I live? How will I care for my family?

As commanders, you have numerous installation resources available to assist the soldiers and families involuntarily separated from active duty. Resources include:

- Army Emergency Relief
- Army Community Service
- Family Support Groups
- Human Resource Council
- Chaplain/Religious Programs
- Civilian Personnel Office
- Education Office

ENTITLEMENTS

Soldiers and families need expert advice on their entitlements and personal financial situation. Sound financial planning and money managing techniques are the watchwords for success for any family making career adjustments or relocating. The Army Family is no exception.

Soldiers need advice on whether to cash in accrued leave during this period of resettlement. Recommend that soldiers make detailed relocation plans prior to actual separation, because the job search process and readjustment to a new lifestyle will be labor and time-intensive. Encourage your soldiers to make maximum use of all education benefits they earned on active duty.

EMPLOYMENT OPPORTUNITIES

Unit leaders should refer their soldiers to the installation's job assistance services. Post libraries offer job hunting and career planning references and help provide useful alternative career information for soldiers and their spouses.

Free copies of an Army Reserve Guide and data bases of national employers, recruitment agencies, and non-profit service providers such as the Association of the United States Army, The Retired Officers Association, Non-Commissioned Officers Association, and National Association for Uniformed Services are just a few of the resources available. Soldiers and families should also take advantage of state and Federal employment listings to facilitate their job search.

Encourage them to attend career seminars, workshops, and job fairs sponsored by the local Chamber of Commerce, Department of Labor, and other "no fee" job placement organizations located in the communities outside your installation.

FAMILY CARE

Your Human Resource Council should provide adequate family care and counseling to soldier families facing career-interruption. Urge your soldiers to schedule final medical and dental care appointments for themselves and their families prior to leaving active duty.

Facilitate the application process for Secretary of the Army "designee status" for family members with serious pre-existing medical conditions. To minimize family stress and upheaval, encourage soldiers to plan their follow-on move prior to relocating the entire family. Dependent children attending DOD or on-post schools can remain in the school, after the family moves off post, until the end of that semester.

HOUSING

Soldier families may remain in government quarters for up to 60 days following separation to ease transitioning. However, they must pay fair market rent for this privilege. For soldiers residing off post, military clauses in rental contracts will protect those who must break rental agreements due to a change in military orders.

Advise your soldiers to plan relocation carefully before actually moving. Maximum consideration should be given to prospective housing and job markets, cost of living, and the educational needs of individual family members.

EDUCATION

Soldiers will receive mandatory counseling on the individual education benefits they earned while on active duty. Education counselors will assist soldiers with college selection and application processes as necessary. Career-interrupted soldiers will receive copies of their Army American Council on Education Registry Transcript System (AARTS) transcripts which translate military training into civilian education equivalencies and receive priority in application processing at Servicemembers' Opportunity Colleges.

To assess career interests, soldiers may complete interest inventories at Army Education Centers. Education counselors will then help soldiers interpret their interest inventories and offer advice on future steps to be taken.

MILITARY SERVICE CREDIT

Soldiers should be encouraged to visit their installation Army Reserve or National Guard Benefits Advisor, or to contact the installation Transition NCO (formerly In-Service Recruiter) who can provide referral services to either the Guard or Reserve Liaison Offices and answer specific questions about earning full retirement benefits by joining and participating in either of these components.

Other opportunities to join the state or Federal work force are available to soldiers through the Civilian Personnel Office. The Civilian Personnel Officer can offer specific guidance to soldiers on how they can retain credit for their active military service. Active duty service time counts toward annual leave computation for non-retirees, provides RIF protection for veterans with 5- or 10- point preference, and non-retirees can "pay back" into the Federal retirement system.

As with any job search, the "pros and cons" of each decision alternative must be carefully weighed. It should be encouraging to career-interrupted soldiers that each of these alternatives allow them to retain credit for their military service.

SPOUSE EMPLOYMENT OPPORTUNITIES

The Family Member Employment Assistance Program provides job hunting seminars and workshops in addition to personal job assistance counseling for spouses. Also available are job banks of local employment opportunities, some of which offer occupational skills training.

Spouses may also attend other job assistance services offered on your installation. Lastly, the Civilian Personnel Office can provide invaluable assistance to soldiers and their spouses in properly completing Federal job applications and guiding them through the state and Federal job search process.

FAREWELL RECOGNITION

The soldiers who will be separated involuntarily have made significant contributions to the accomplishment of the Army's mission. They and their families have played an integral part in the military communities in which they live and serve.

These proud professionals and their spouses and children have all contributed to the "lifeblood" of the Army. People are still our most valuable resource, and to allow them to depart your command without full recognition of their vital contributions would be unconscionable.

Departing soldiers and their families need our care, our concern, and above all, recognition for their personal sacrifice and dedication on behalf of this nation.

NOTE: Local reproduction of this document is authorized and encouraged.

Senator GLENN. Good. Admiral Boorda, do you have any comments?

STATEMENT OF LT. GEN. JEREMY M. BOORDA, USN, DEPUTY CHIEF OF NAVAL OPERATIONS, MANPOWER AND TRAINING

Admiral BOORDA Yes, sir, I have a statement for the record, which pretty much goes along with your letter, and I think answers most of those questions.

I would like to start with something different than what the hearing is about. And I would like to do that today. I am particularly glad Senator Nunn is here.

This subcommittee and the full committee were the first ones to help us in the reprogramming issue. And I think when you took the lead, and your counterpart subcommittee in the House did the same thing, the HASC and Beverly Byron's subcommittee. But when you took the lead, it made the difference. And there are 31,000 sailors who are indebted to you. They may not know your name, Senator Glenn, but they will by the time I get done.

Senator GLENN. Very good. Move them all to Ohio, will you, please? [Laughter.]

Admiral BOORDA I have a little concern, and I was heartened by what you said today, and you hear it all over the Congress, in the Senate and in the House, that we do not want to encourage good people whom we need into leaving who would otherwise stay, and we do not want to destroy readiness while we are doing this. And we do not want to cut in a willy-nilly way.

Senator GLENN. That is right.

Admiral BOORDA And it all has to match. That is good rhetoric. And I say the same thing. I am just worried that when we see what the budget committees do, and what you have to mark to, that is a very hard—hard thing to live up to.

It seems in many of the discussions that I am in, both in the building where I work and over here, that the goal is how quickly to cut. And the success measure is how little did you get. I think we have to change that. At least, I can speak for the Navy and say, we have got to change that. We need to have the number of people we need to match the force structure we end up with. And the force structure decisions are critical, and the people decisions—the numbers of people—should flow from those decisions.

Our policy in programming and planning and preparing budgets to submit to you has not been to see how large a number of people we can keep, but rather to be sure we have the right number of people for what we end up having to do. I am a little afraid that that balance is going to get out of whack here, as we start working with outlay reductions and consider people as a disposable commodity.

I hope that we do not in our zeal—and by the way I share it—to make sure that people who are involuntarily separated are taken care of properly, I hope we do not use that to—and when I say we, I mean all us of, me too—to have no conscience about what we have done. We are firing people. There is no other way around that. We can say nice words like pink slip and as we ease them out with dignity, but basically, we are firing a lot of people.

And if we were talking about a lot of civilians in Representatives' districts or your States, you would have real concern with that, and I know you share that concern with regard to our military people. But I am afraid that not everyone is quite as concerned.

We have a strategy in the Navy. It is a simple, but workable manpower strategy. It says, first decide how big a Navy you want. Do not decide that Navy based on the number of people; that is not how you describe a Navy. You describe a Navy based on numbers of ships. Once you have decided that, I will tell you the manpower bill. If that bill is too expensive, then, we need to have a smaller Navy until we suddenly find the balance that has the right number of people that you all and we all can support.

Once we get to that number—and I have looked at lots of numbers, a whole range of them—with most numbers I can design a strategy that does not require me to involuntarily release people. I think that is a hell of a lot better outcome than some of the other outcomes we are seeing. If I can, by manipulating the force, keep it ready across the transition years as we get smaller, and avoid involuntarily separating, particularly, enlisted people, would that not be a wonderful outcome? I think we can do that, or we can come very close.

The officer community, I believe we will see selective early retirements, and we will see some RIFs. But I think we can keep those numbers small, if we reduce in an intelligent manner. And I am talking about reducing to the kinds of numbers you are talking about reducing to.

So I hope that in all our deliberations, we do not forget that the very best answer is not to fire anybody, if you can get to the bottom line and do it in a way that we can afford.

Thank you very much for your help before. Senator McCain, thanks a lot for submitting your bill; and I appreciate what you said about there are things in there about which you take no pride of authorship, and we are going to have to broker around and come up with the right answer. And we would surely like to do that with you, because for all the people who are involuntarily separated, whether they are from my service or from Al Ono's, we want to be sure we do the right thing.

Thank you.

[The prepared statement of Admiral Boorda follows:]

STATEMENT OF

VICE ADMIRAL J. M. BOORDA, U. S. NAVY

DEPUTY CHIEF OF NAVAL OPERATIONS

Mr. Chairman, Members of the Subcommittee. I'm pleased to have the opportunity to appear before the Subcommittee today. Before I begin my formal testimony I want to thank you for your help in resolving the personnel reprogramming issue for FY-90. You obviously cared about our people and our Navy and the leadership role you took made a difference. I consider the members of the Subcommittee to be personal and professional friends. Demanding friends, friends who don't always agree, but friends nonetheless. I believe that friendship is based on the fact that our goals are exactly the same. That is: The best Navy we can produce for the funds available; Taking care of our men and women; Effective policies and plans. Together we always seem to come up with workable solutions to even the toughest problems. I have faith that we will continue to do so and good communications and free exchange of information, such as you have permitted by scheduling this hearing, are the key.

As Chief of Naval Personnel, I have responsibility for managing the force to ensure we have the right number of people, trained properly, in the right places, now and in the future. I also have a responsibility that I take very seriously to see that our people are treated fairly. I know you share these responsibilities and your actions prove you share my deep conviction that we must execute them to the very best of our ability.

I'd like to discuss two facets of these responsibilities today. They are: **NAVY FORCE REDUCTION STRATEGY** and **TRANSITION ASSISTANCE** for our people.

BASIS OF FORCE REDUCTIONS - A CONCERN AND A STRATEGY.

We are getting smaller and we will get even smaller than our previous plans indicate. There is no doubt about that. But I have a very basic concern. If we permit dollars available to drive our personnel strength decisions in isolation from force level decisions we will do terrible harm to our people, to today's readiness and to our ability to maintain a ready Navy in the future. Cutting people is not a goal in and of itself though listening to some talk one might infer that it is the goal. The goal, in my opinion, is to get smaller in the smartest possible way. In a way that lets us treat people fairly and still maintains readiness. We can do it if we work together.

Our strategy to do this is not very complex. It is based on a very simple concept. When you ask or are asked, "What is the size of your Navy?" you don't respond with an answer about the number of people in service. Your answer will probably be in numbers of ships and squadrons. It may be in Carrier Battle Groups. It won't be in thousands of men and women. If you want to reduce the size of the Navy I believe you should think about doing so in exactly the same way. You must decide what you want your Navy to be able to do now and in the future. You then determine what force structure, ships and squadrons, you need to accomplish those missions. The people to man those forces are the result of good manpower programs and policies, reduced to mathematical equations if you will, so that the readiness you desire can be maintained. Said another way, you don't drive the size of the Navy by the number of people in it but, instead, by the number of ships. The number of people needed is the result of those determinations---not the entering argument. Do it backwards, people first then force structure, and you have a recipe for a personnel plan that simply won't work. Clearly, if the resulting answer is not affordable you have to go back to square one and review the force structure decisions you have made. That is what smart budgeting and programming is all about. We have done it the other way in the past...it has never worked.

Our entire manpower strategy is based on this simple but, in my opinion, very valid approach. We are not trying to maintain a personnel strength that is one person in excess of what is required to man the force structure. Just the opposite, we are reducing manpower to match force structure reductions.

NAVY FORCE REDUCTION STRATEGY

In the 20 March 1990 hearing before this subcommittee, I addressed the Navy's strategy for managing the force as reductions occur over the next few years.

The underlying theme upon which Navy's manpower program for the 1990's is based on is balance...the numbers of people are sized to match the size of our operational forces. This is the case in FY-1990, and in our FY-1991 budget submission. This balance means the right numbers and skills of people are in the right places to man and operate the fleet. This balance also means that as the size of the force decreases, and as the number of ships and squadrons decreases, manpower can and should be reduced in the same balanced proportion.

As the size of the force changes and the manpower to operate these forces is adjusted accordingly, what we must avoid is a pattern of manpower reductions which are unrelated to the remaining force structure. Unrelated reductions cause uncertainty and turbulence among our people and will lead to a return of the chaotic conditions of a decade ago when all the services faced low retention, even lower morale, and sharply reduced readiness. You don't want a hollow force and neither do we. You can cause an almost immediate hollow force in the Navy by not authorizing strength to match structure and/or by underfunding the strength you do authorize.

The manpower strategy the Navy has adopted for the 1990's is centered on the premise that, as the Navy gets smaller, we have the opportunity to proactively shape the force in order to retain high quality personnel, increase experience levels, gain slightly better sea/shore rotation for our people, improve training levels, and reduce overall manpower costs. A key element of this strategy is a commitment to take care of the people who are in the Navy, and wish to stay, even as total strength decreases. Let me repeat, we can accomplish all of these things while reducing the size of the Navy... as long as the reductions are consistent with the pace and magnitude of the reductions in force structure (ship/squadrons). Pace of reduction is also critical to the readiness issue and certainly to fairness concerns.

In FY 1991, planned Navy end strength is 584,800, a reduction of 5701 from the FY 1990 level, 494 officers and 5207 enlisted. Our plan is to reduce end strength by reduced accessions, high year tenure, and correcting rating (skill) imbalances. No enlisted personnel would have to be forced out of the Navy involuntarily who are otherwise fully qualified for retention. This is true in FY 1991 and in the force structure we contemplate in the future. To reach the FY 1991 officer end strength, no Selective Early Retirement (SER) would be required. About 200 junior officers would be separated early - mainly those who fail to achieve warfare qualifications. Over the past several years our promotion plans have been conservative and in strict compliance with DOPMA and, as a result, we do not have grade structure problems given the size of the reductions.

These FY 1991 manpower reductions result from changes to Navy's force structure. Since ship and squadron decommissionings take time to execute, the end strength cuts must be closely timed to the force cuts. When force level reductions lag behind end strength cuts, fleet readiness declines because ship and squadron billets go unfilled. The turbulence and increased workload on people remaining behind would cause chaos for our personnel programs.

If force structure is further reduced in FY 1991, end strength could obviously be reduced proportionately. As in our planned reductions, we would cut end strength by reduced accessions, use of high year tenure retirements, and correcting rating imbalances. Officer SER's would be necessary and more officers would be subject to reduction in force measures. Potential savings resulting from these actions might be much lower than expected since officers selected for SER must, by law, be given 6 months notification prior to release. This could result in the actual retirements of officers taking place in the following, vice current, fiscal year which would require an even larger involuntary release of junior officers to meet end strength limitations. We would be able to accommodate officer reductions of up to about 2400 in a given year, within current DOPMA law. Reductions of this magnitude are patently unfair to good people and do not contribute to future readiness. If required they would hurt readiness today and in the future and they would be taken for fiscal reasons only - not because they were the right thing to do.

We have looked at scenarios under which end strength reductions would be nearly tripled, but with no accompanying force level reductions. This could lead to a situation where over 20,000 billets would be gapped, most of them at sea. However, full manning of operational units would still be required to meet commitments and to ensure safe operations. Therefore, we would be required to move the remaining personnel to fill gaps. Shore duty earned after long months and years at sea would be terminated. Sailors on one ship, just completing overseas deployment, would be shifted to other ships preparing for overseas movement. This crossdecking, where we take a sailor from a ship in homeport or on local operations and put him on another ship on overseas deployment or more difficult schedule, has a heavy cost. It disrupts our planned sea/shore rotation and aggravates the family separation our sailors endure as a normal part of their Naval service. The family separation that goes along with extended sea duty is the number 1 reason people choose to leave the Navy. If personnel numbers get out of balance with ship and squadron billets, those who remain in the Navy will bear the brunt of our actions. They will perform longer and longer sea tours and will work under reduced manning conditions that will make service even more arduous. They will, as thy did in the 1970's, leave us, and start a downward spiral that will be extremely difficult and costly to arrest. The Secretary of the Navy is committed to avoiding this downward spiral and poor treatment of our people. He has told me it would be his intent to make decisions on reduced capabilities before allowing our men and women to pay the heavy price they paid in the late 1970s for our fiscal shortages.

The FY 1991 manpower budget and our future plans meet our force management goals. The reductions are balanced between forces and people; fleet manning is maintained at 91.5 percent; sea/shore rotation does not worsen; bonus programs are focused on retaining the skilled people we need to retain; and the career sailor can count on a quality of life that will encourage him or her to remain on board.

Navy leadership is committed to not repeating the actions of FY 1988, when promotions and advancements were delayed, transfers from sea duty were delayed, and we saw the exodus of 14 thousand skilled petty officers when we forced them to make an early decision on reenlistment.

Navy can shape the force needed to man the fleet with the laws that exist now but if reductions are greater than we anticipate we'll need help. Adoption of the proposed DOPMA legislation would give us additional flexibility in sizing and shaping the force in the years ahead. Navy supports adoption of this legislation.

To summarize our strategy for FY 1991 and beyond, we want to protect force readiness in the near term by protecting quality people currently on board who wish to stay, maintain sufficient accession levels to preclude a "hollow force" in the future, manage officer accessions and retention to correct the grade/quality mix, improve recruit quality to reduce attrition and ensure long term readiness, and rebalance the enlisted skill mix using existing force management tools. I strongly believe the best way to take care of our good sailors is not requiring their involuntary separation, and avoiding doing so if at all possible.

CAUTION.

Before going on to discuss transition programs, I want to offer one caution. Transition programs are expensive. In particular, large separation payments may mean that you actually increase manpower expenses during the first year of reduction. You have to provide funding for these expenses. If the funding comes from accounts needed to pay active personnel remaining, my only choice would be to cut more people to make up the difference. More people cut means more transition expense. I believe we need to consider this dynamic situation very carefully before we adopt the very straighforward sounding "cut and pay" approach now being considered. Wouldn't it be better to come down in size in a more reasoned way? Would it make sense not to fire people if you could avoid it? I think the answer to both questions is yes. Depending on the size of the cuts it may well turn out to be cheaper for the Navy to do it the right way and we will certainly get more readiness and a better Navy for the money we spend. I strongly recommend we think about the entire situation before we rush to the simple answer.

Transition Assistance

If more severe reductions are mandated and we are forced to separate personnel involuntarily, our goal would be to take care of those serving now, to maintain reasonable sea/shore rotation and promotion opportunity, and to properly size the force of the future. The most logical and cost-effective way to reflect such cuts would be on a predictable glide-slope basis, so that we can plan ahead and, if necessary, the cuts could be more readily reversed if national security dictated. Equally important, costly new programs would not have to be set up to aid those being separated. We certainly don't want to skim dollars from programs affecting those who remain in uniform as the size of our force gets smaller. We'd get in a downward spiral which would be difficult, if not impossible, to manage.

We are currently participating fully with the Office of the Secretary of Defense (OSD) in reviewing current and existing programs to help the transition to civilian life for members separating from active duty. In general, these programs have been accepted as adequate because, up until now, the separations have been of a voluntary nature and the member has made his own decision to give up the benefits of military life in order to start a civilian career. Now that the rules may change and the services are faced with involuntarily separating good, qualified people, we need to ensure that we as a nation do everything possible to ease the transition for members so affected. Legislative proposals such as Senator McCain's and Representative Slattery's bills are encouraging because they show the men and women in uniform that their elected officials are concerned about their welfare and want to do the right thing on their behalf and they start the process in Congress and with us that will produce a good program for our people.

There are many existing programs (designed to assist people in) making the transition from military to civilian life. They include:

- Health care insurance plan for which the member pays, to provide comprehensive hospital and medical coverage for members leaving active duty and their families.

- Maternity care at military treatment facilities through six weeks after delivery.

- Education benefits through various GI bills.

- Mandatory counselling at the local command which covers rights, entitlements, VA benefits, job search, etc.

- Separation move to home of record.

- Veterans' benefits including educational assistance, loan guarantees, medical insurance, civil service hiring preference, burial and death benefits, and life insurance.

- Unemployment compensation.

- Transition Assistant Program (TAP) being developed with Department of Labor and Veterans Affairs to help a member in career transition skill assessment, goal setting, job search, etc. The pilot phase of this program is just starting at a total of 22 sites in 7 states.

These existing programs were designed primarily to help people who choose to voluntarily leave the service. Additional, innovative programs are needed to help people, who had already made career plans to remain in the service, and who suddenly find themselves facing a drastic change in their lives. Navy is deeply involved with OSD and is heavily committed to develop such programs, many of which will require changes to [illegible] and which therefore would not be immediately useful if large layoffs are mandated within the next few months. It seems only fair that those selected for involuntary separation receive notification well in advance (six months to one year) of actual separation in order to facilitate their orderly transition. We must also ensure that additional funding requirements, such as those caused by large separation payments and more separation moves, do not come at the expense of those people remaining in the Navy and who must move to maintain sea/shore rotation, who must be paid various retention bonuses so that the force is shaped properly, and who must not watch their quality of life be reduced in terms of such things as housing, child care, and access to quality medical care.

Some initiatives being considered by OSD which Navy supports for involuntarily separated personnel:

- extended commissary and exchange privileges.
- separation pay for enlisted personnel, with the monetary cap lifted for officers.

Navy supports the spirit and intent of Senator McCain's Involuntary Separated Military Personnel Benefits Act of 1990, and we have provided specific comments to OSD on the Bill. The effects of this Bill on the hiring of women and disabled workers, the impact on the medical community of providing expanded coverage, the specifics of the Relocation Assistance provision of the Bill, and the ability of separated members to convert their GI Bill educational benefits are areas which may require further study and refinement. This Bill and other congressional initiatives are extremely helpful however, as we all come to grips with [illegible] responsibilities we face in easing the transition of our dedicated men and women who cannot be retained because of the need to reduce the force.

SUMMARY.

We have a solid strategy, not only for reductions but also for manning a smaller Navy of the future. Numbers of personnel are the product of the force structure decisions, not the entering argument. Our goals are not reductions of men and women but, instead, are a ready Navy now and in the future and properly discharging our responsibilities to our people. The very best way to do this is to reduce in an orderly fashion, to plan well for the needs of the future, and to offer transition assistance to those who must leave involuntarily. If we are smart, if we do our job well and with innovative and thoughtful approaches, those numbers can be very small. It all depends on our basic approach to the issue of reductions. It really is up to us.

Senator GLENN. General Hickey.

STATEMENT OF LT. GEN. THOMAS J. HICKEY, USAF, CHIEF OF STAFF AND PERSONNEL

General HICKEY Senator, in the interest of time, I appreciate being here and appreciate your asking us to come over and be a part of this particular process on this very important issue.

And I will be ready for your questions.

[The prepared statement of General Hickey follows:]

STATEMENT BY

LIEUTENANT GENERAL THOMAS J. HICKEY

DEPUTY CHIEF OF STAFF FOR PERSONNEL

UNITED STATES AIR FORCE

Mr Chairman and members of the committee, thank you for the opportunity to appear before you to discuss proposed transition assistance programs and specifically the "Involuntarily Separated Military Personnel Benefits Act of 1990". This hearing to discuss increased and special benefits to individuals involuntarily separated from the armed services is appropriate and welcome. Although the Air Force is attempting to meet force reduction requirements primarily through voluntary separations, it will be necessary to involuntarily separate members who, for the most part, entered the All Volunteer Force with intentions of making the military a career. This means a large percentage of those involuntarily separated will be highly trained, quality people--people we owe a fair and equitable transition to the civilian sector.

The Separation Pay enhancements are a good foundation for transitioning from military to civilian life and a much more equitable benefit for all involuntarily separated servicemen and women than the current statute. This important up-front cash entitlement to both commissioned and enlisted members will give a financial cushion for the initial transition. Furthermore, it will help offset the income reductions many will face upon entering new careers. Allowing separation payments to be capped based solely on the formula would recognize and more equitably compensate members for the rank and longevity they have attained.

For those members who cannot immediately find civilian employment, we need to study changes to Unemployment Compensation. Expanding the eligibility criteria to full unemployment benefits (up to 26 weeks) to separating military members is consistent with the current civilian entitlement, and may be warranted.

The Air Force is concerned about the provision requiring members stationed outside the United States to return to a stateside base for 3-6 months prior to separation. Although the intent of such a move is understood, this requirement will cause severe manning turbulence for both losing and gaining units and precludes effective utilization of the member at the final installation. It will also create unnecessary family turbulence by requiring members to establish short-term households, excessive handling of members' household goods, added moving expenses to the member, mid-year changes in dependents' schools, etc. In addition to the turbulence created for both the member and the Service, the extra move would exacerbate an already severe permanent change of station funding shortfall.

Additional problems will be encountered with the requirement to notify members of their separation and accomplish the required transition assistance briefings "not less than 180 days" prior to separation. We agree with the concept of conveying sound and valuable information to those pending separation and in allowing as much time as possible to accommodate the member in the transition. However, we would be able to adequately provide this service in less time in many cases. The mandatory 180 day requirement will severely limit our ability to meet end-strength requirements and solve Military Personnel Account dollar shortfalls. Meeting our manpower and budget requirements could be better served by reducing the time between the separation notice and the time of actual separation. Additionally, the longer time requirement would create force management instability for both the service and the member since it could result in personnel remaining on active duty beyond desired separation dates. These problems could be best alleviated by removing the specific time requirement or by reducing the 180 day notification.

Provisions extending medical care and educational benefits for the member and dependents enhance the separation benefits considerably, and are being carefully considered in the Department. Additional medical coverage will offer some relief, both in the mind and wallet of the member, during the initial transition period. Extension of enrollment for educational benefits would extend important financial assistance to enhance the members' post-military education, thereby, improving their opportunity for employment in the civilian job market.

While working to lessen the pain to those men and women involuntarily separated, we will continue to size the force by maximizing voluntary measures. To enhance our force structuring efforts, the Air Force supports DOD's proposed legislation allowing officers to voluntarily retire prior to fulfilling their total commitment for promotion (two years in grade vs three) and permitting officers with prior enlisted service to retire after eight years (vs ten) commissioned service. These two provisions will encourage early voluntary retirements and ease the need to employ involuntary measures.

In closing, we have begun our trek into the previously unexplored territory of conducting a substantial reduction of an All Volunteer Force. With no previous experience to draw on, and in a period of extremely high retention, we will be reducing the force significantly in a very short time. It is imperative we do it wisely. We must adequately take care of the professional military men and women we are releasing, whether voluntarily or involuntarily. At the same time, we must not forget those remaining on board. We must adequately take care of and continue to provide compensation and entitlements that provide a good standard of living for those we need to retain now and recruit in the future.

Senator GLENN. Thank you. General Smith.

STATEMENT OF LT. GEN. NORMAN H. SMITH, USMC, DEPUTY CHIEF OF STAFF, MANPOWER AND RESERVE AFFAIRS

General SMITH Mr. Chairman, thank you for inviting me over here this morning. And I, too, in the interest of time, will forego what I had planned to say and let my previously submitted statement stand.

I do want to thank you for your efforts in the reprogramming during that sequestration drill that we all went through here in the last 8 or 9 months. And I would also ask you, Senators—this is an aside—as we look into this feeding frenzy of throwing our people out of the services, that we would keep an eye on the strategy/force mismatch that can possibly result from that, and asking us to continue to do more than what we really have the people to do it with.

I, sir, do not think that is in the best interest of our country at this time.

Thank you very much, sir.

[The prepared statement of General Smith follows:]

STATEMENT OF
LIEUTENANT GENERAL NORMAN H. SMITH
UNITED STATES MARINE CORPS
DEPUTY CHIEF OF STAFF FOR MANPOWER AND RESERVE AFFAIRS

Mr. Chairman, Distinguished Members of the Subcommittee:

I am honored to appear before you today. You should know that all your Marines appreciate your efforts on the personnel reprogramming issue this year. You have helped us keep faith with your Marines. That is important and I am here today to talk about just that: continuing to keep faith with our people.

There are various scenarios being bantered around about reducing the size of your Corps too quickly and to an unreasonably low number. Force sizing is still a discussion item and will weigh heavily upon us all. In the rush to provide a peace dividend from defense savings, I sincerely hope we don't fall prey to the false economy of pruning our forces below the levels we need to meet our mission requirements. We must continue to provide a combatant force for stability and deterrence in our world.

We currently have no intention of involuntarily separating anyone before retirement -- officer or enlisted -- as a direct result of programmed changes in our force structure. We will reduce accessions over a number of years. We'll keep as many of these quality Marines as we can for a full career. **If we are allowed to execute our plan in an orderly fashion, we will meet your end-strength numbers with dignity instead of chaos.** Marines who have reached retirement eligibility must understand that we have authority for management actions which alleviate promotion stagnation in a few retirement-eligible grades and skills. These numbers are very small, and the Marines can retire with dignity.

We have as aggressive a Transition Assistance program as current funding allows, and it's already working. It's no secret that we return more than 30,000 Marines to the civilian community each year, more than 90% of whom are not retirees. We have always tried to return a better person to society and we fully appreciate the value of an effective transition assistance program.

Our FY91 Presidential Budget submission calls for reductions of approximately 211 enlisted and 24 officers in the active force. Our FY91 end strength of 196,500 is consistent with our mission in the maritime strategy: that didn't change when peace broke out on the plains of Europe. At this level of reduction we do not plan on involuntary separations except for normal management actions to maintain a dynamic force.

We have been asked to comment on what level of cuts would trigger involuntary separations. This kind of speculation doesn't do much for the morale of the individual Marine reading the newspapers out in the Fleet Marine Forces. I would like to reiterate that we do not plan to break faith with these Marines. We have a longstanding tradition of taking care of our own that's just as important in peacetime as it is on the battlefield.

Having given all the reasons why we do not want to trigger involuntarily separations, our worst-case drills show that end strength cuts of more than 7,000 in one fiscal year -- 500 officer spaces and the remainder enlisted -- could not be absorbed by reducing accessions alone, and would require us to involuntarily separate Marines that are otherwise entitled to a career today. Significant damage is done when comptroller-type end strength reductions approach these triggers. The most noticeable, and the most important, effect would be severe and long-term readiness degradation. Reductions above 3.5% per year will damage any Service's readiness, and the rapid "free-fall" proposals discussed in some circles will ensure that no Service is prepared to react if required. (You will recall the intent of the 82nd Congress was that your Marine Corps was to be maintained in a high state of readiness precisely for periods in time when it is not required that everyone be prepared to go to war overnight). Effects on our Marines don't necessarily result directly in a one-for-one involuntary separation rate: promotions slow; more Marines are indirectly separated because of promotion passovers when we promote to a smaller target; and the specter of involuntary separations causes a lot of needless friction in the force. This is why we prefer to manage our force reduction rather than just absorb cuts that are not related to our force structure and missions.

We already involuntarily separate a small number of Marines every year as part of maintaining a dynamic force. Within our officer ranks we separate Reserve officers not selected for augmentation, and first lieutenants and captains who are twice passed over for promotion. Enlisted Marines who are not recommended for reenlistment are also involuntarily separated when we do not allow them to reenlist. Enlisted Marines who reach their service limits without being selected for the next higher grade are similarly not offered an opportunity to reenlist.

Notwithstanding these normal management actions, our purpose is to preserve our readiness by retaining experience and avoid "passing the hurt" on to individual Marines. Breaking faith to achieve near-term savings is false economy. It would also affect our ability to recruit. Many quality recruits (who typically have other options) will opt to stay away if they believe the Marine Corps subscribes to the "bait and switch" economics of the marketplace. Because we have a plan, we believe we can reduce our force without having to invoke involuntary separations on a larger scale. Your support is necessary to allow us to implement that plan.

We also need your help to enact some management actions and transition assistance provisions. Let me briefly discuss these.

SEPARATION PAY

As I discussed before this same Subcommittee on 20 March, the Marine Corps supports legislation that will provide separation pay to career enlisted Marines who have served honorably and are fully qualified for retention, but are denied a full career to earn retirement eligibility. Any draft legislation on separation pay must clarify what constitutes involuntary separation based on force reductions. We should avoid wording that inadvertently includes entitlements for Marines not recommended for reenlistment. We're also concerned about the unbudgeted expense. The appropriate amount of such pay will require extensive study to ensure both equity for our Marines and to meet the attendant fiscal responsibilies of the Corps. We consider separation pay to be a key tool in the force management process required to shape the force without breaking faith with Marines.

DOPMA (OFFICER MANAGEMENT FLEXIBILITY AUTHORITY)

We support the proposed officer management legislation. The legislative package amends six provisions of current law, two of which immediately satisfy pressing Marine Corps needs: expanded Selective Early Retirement (SER) authority and lowering time-in-grade requirements for voluntary retirement. Anticipated reductions will lead to significantly fewer authorized field grade officers. The existing SER provisions are insufficient to meet these goals and maintain upward mobility. The pending legislation eliminates the 5 year prohibition on SER reconsideration and expands the zone of eligibility for both colonels and lieutenant colonels. The legislation also allows lieutenant colonels and below who are within two years of retirement eligibility to be selected for involuntary retirement upon reaching initial retirement eligibility. These changes could more than double the potential number of early retirements. Without this legislation, we will be forced to resort to other measures such as increasing the flow points, lowering promotion opportunities, and cutting even more accessions.

The Marine Corps has a traditionally low officer-to-enlisted ratio and a very low percentage of field grade officers. Increased retention of field grade officers has slowed the promotion of our captains to major to the point that we're two years beyond DOPMA guidelines. The time-in-grade relief will enable us to better manage our inventory of officers, to retain the quality and skills that we need, and to retire a number of officers with the dignity and respect they've earned.

TRANSITION ASSISTANCE

I mentioned at the outset that we already have a transition assistance program that has worked well for years and is getting better. Most of the public probably don't know about the things we have already entitled every servicemember to, such as the no-cost movement of his household goods and family at the end of service; the chance to either cash in accrued leave, or to take that leave at the end of service and get out earlier; the Voluntarily Insurance Program and free dental checkup from the VA; the Employment Resource Centers at almost every Marine base that assist in matching the Marine's skill to private industry's need for skilled employees; and something that's hard to quantify, but just as important as these other programs: the informal network of "Once a Marine, Always a Marine" that has probably provided more immediate employment and support than we could legislate and fund in a year.

Both Congressional and DoD initiatives have resulted in an array of transition assistance possibilities that certainly keep faith with Marines who might be involuntarily separated. We support the intent, but are concerned that the funding requirements to implement many of these initiatives may be at the expense of those we want to retain or, in an even worse case, have to be paid for with even more manpower reductions. If not specifically targeted at only those involuntarily separated pursuant to force reductions, many of these substantial benefits may actually induce people not to remain in the service. Imprecise language in some of these provisions will wind up with transition assistance competing with the Services to retain manpower. If voluntary losses increase, it begins anew the spiral of increasing accessions and training costs, to the detriment of readiness.

We've covered a lot of ground here, but let me summarize by stating that the Marine Corps manpower strategy is to avoid unnecessary involuntary separations. We must preserve readiness by retaining experience. And we need to let our Marines know that you support our plan. Legislation concerning separation pay and DOPMA will significantly increase our flexibility to implement this plan, and the transition assistance provisions being considered will assist those few Marines who are involuntarily separated through no fault of their own. Men and women who serve this Nation as Marines deserve nothing less.

Senator GLENN. Thank you very much.

To start off my questioning I would like to make a general statement and that is I think one of the things that we need first is to define the mission. To do this, we must first define the threat, and then define what forces we need. We have not done that yet. You are not doing it. I do not know that we can do it on this side of the river.

We do not have that yet. And now we really need that definition because I am not one that believes that when we define that future threat, it is automatically going to be, everybody takes 20 percent cut equally or within a few percentage points to make it look good, as though we are not rubber-stamping something. And everybody whacks it down a little bit.

We are going to need different concepts of mobility and readiness and so on, that I think should define the type of forces we need. Then we will know what each one of your services need to do and so far we just do not have a plan for that. And that pretty much has to come from across the river. And I do not think all the force cuts are going to be equal from one service to the other. If they are, then we are not doing something right, as I see it, in defining that particular threat.

Mr. Jehn, you made a very good case for having this thing this year, if we can, getting it through whenever we can. Yet what we are waiting for, basically, is a legislative proposal from DOD. When are we going to get it?

Mr. JEHN. You have our separation pay proposal today. And——

Senator GLENN. Well, that is one. We have been crying for this for a long time. And this morning of the hearing, we get this. I am told that we got this just now, but that is not a complete program. When do we get the whole program, so we know what we are going to do?

Mr. JEHN. You will get the rest of it within the next few weeks, sir.

Senator GLENN. Well, okay, here we go again. We have been pushing for this. I hate to get upset. But, you know, we start mark-up right after the July 4 break. We are not going to have your proposals to include, we are not going to have estimates of what the threat is, we are not going to have estimates of the types of forces. And so you are leaving it up to us.

And then the administration will raise Cain, because we are micro-managing again. I can just see it coming. Along about September, as we get into the political season and we will hear, oh, micromanaging again over there, trying to tell us what to do—because we cannot get some guidance from the Pentagon on what you want done. That is basically it.

You were going to say something, Mr. Chairman. We have our illustrious chairman with us here. Let him get in the act here.

Senator NUNN. I was just going to agree with you. We are going to start the mark-up after the 4th of July recess. We are going to try and finish the mark-up that week, the subcommittee and full committee. So whatever, Mr. Jehn, we are going to have in the way of other proposals that have not been submitted, we need them by the Monday following the 4th of July weekend.

Mr. JEHN. I understand.

Senator GLENN. Can we get them by then, do you think?

Mr. JEHN. I think so, on transition assistance.

Senator GLENN. On what? On transition?

Mr. JEHN. On the transition assistance package, yes, sir.

Senator GLENN. Well, are we going to have any definition of mission and types of forces we need or, is it just going to be an across-the-board 20 percent cut for Army, Navy, Air Force, Marines?

Mr. JEHN. Sir, we have already made a proposal, of course, for the 1991 budget. It is obviously the case that the budget as we submitted it will not be enacted. But as you know, what happens beyond 1991 is open right now to debate within the Defense Department. And as you know, we are engaged right now in our review of the service programs, preparing a 1992 budget.

And as the Secretary has said, as decisions are made that we believe affect the 1991 budget and how it ought to be constructed to prepare us for the 1992 budget, we will share those decisions with you as promptly as we can. I cannot promise you when those will be made.

Senator GLENN. Okay. Well, I hope everybody across the river is not too shocked, then, if we take the bit in our teeth and run with it over here and define the threat and set the strength levels and set the ship levels and set the Army division numbers and air wings and everything else. Because we are not getting guidance on that from the Pentagon.

And if we have to set the military posture of the country over here, I guess, we can start it out or try it that way. But that is certainly getting the cart before the horse. We are supposed to get those proposals from the administration because they have all the people to make these estimates. And then we are supposed to respond to that and do our level best to come up with those forces. And we are doing it just exactly the opposite. We are going to have to put forward the sizes and the air wings and everything else, I suppose.

So, anyway, on this particular legislation that Senator McCain has proposed, the bill contains several provisions. One would restructure involuntary separation pay. Another would equalize the period of unemployment compensation between the military and civilians.

A third would establish a program to furnish employment and training information in services to separating military personnel. Four would give Federal hiring preference to involuntarily separated military personnel. Five would give 90 days free medical coverage for those involuntarily separated. And the last would allow involuntarily separated military personnel to sign up for GI bill or voluntary educational assistance programs, as appropriate.

Now, that is just a thumb nail summary, and I am sure Senator McCain will want to expand on those a little. But you have had a copy of this bill for comment, I believe. Do you agree with all those provisions? Do you take exception? Do you want to expand some of them? Are they all of equal importance to you? What would your comments be on those?

Mr. JEHN. They certainly are not all of equal importance. And I think our sense of their importance mirrors what you heard from the services' senior enlisted advisors just a few moments ago.

Separation pay is number one, which is why you have received our proposal on separation pay. Next in order is probably providing transition assistance in the form of counseling, job placement services, and the like—helping people, in other words, find jobs and get started on new careers. Number three is providing some transition medical coverage. Those are the top three as I see them.

Senator GLENN. That is the order. What I asked them before you were in the room here, do you think we should break these down differently for different career points? For instance, enlisted persons in their first hitch, they have a different treatment on getting out than do the mid-career people that have 14, 16, 18 years, as opposed to the careerists who could retire over 20? Do you think we need a different package to apply to different groups?

Mr. JEHN. Well, certainly, the first thing I think it is important to emphasize is separation pay. Our intent is for separation pay not to be paid to everyone leaving the military but to those involuntarily separated and certainly to those involuntarily separated who are not eligible for retirement.

So, for example, on separation pay, we do not propose paying that to individuals with 20 years or more service who are otherwise eligible for retirement. Further, we do not propose paying separation pay to those individuals who leave voluntarily. And we do not propose paying separation pay to those leaving with less than 5 years of service.

So right away you narrow things down. As far as the discussion that came up with the senior enlisted advisors, at the moment we have no intention of involuntarily separating individuals certainly within a few years of retirement. So far we have not talked about the necessity of needing to do so for individuals even 6 to 8 years from retirement, in other words, those with 12 years of service, for example, or more.

So right away on separation pay we are talking about individuals between 5 and 12 years for service who are involuntarily separated. Those are the kinds of distinctions, I think, we need to make throughout our deliberations.

Senator GLENN. My time is up. I will save my questions for the next round. Senator McCain.

Senator MCCAIN. Thank you, Mr. Chairman.

Let me just point out that I am disappointed in that we have not received an overall strategy from the administration, whether it be the Pentagon or from the President or the National Security Advisor or others. But let us also be fair here. The fact is that they do not know what the number is which would drive many of these force sizes.

If we enact the Sasser budget figures, we are going to have to cut $2.5 billion in personnel alone. If the budget negotiation, so-called summit meeting, does not bear fruit, then, we are facing a sequestration of incredible proportions. I think it is pretty hard for us to blame all of it on "the other side of the river," when they do not even know what number to work with within $10 billion to $15 billion to $20 billion and facing the prospect of sequestration.

So, let us spread some of the credit around here to a congressional process that cannot give the Pentagon a number within $10 billion to $15 billion to $20 billion to work with. So if I was sitting over on the other side of the river, God forbid—[Laughter]—I would say, please, give me a number to work with.

So, I am disappointed, frankly, Mr. Jehn, that we have not gotten this force structure study, which has been overdue for years. I am very disappointed that the President has not articulated more clearly the threats to our national security that exist, whether it be in the Middle East or in Central America or any place else in the world and our requirements. But at the same time, it is awfully hard for you to come up when—Secretary Cheney to come up with a force structure that is in any way meaningful if you go by their budget numbers, which we all know are no longer valid. If we go by some of the proposals that Secretary Cheney has made, those entail cuts of 20 percent, 25 percent.

So let us not point all fingers in the direction across the river as to the responsibility for this incredible and bizarre and even Orwellian situation we find ourselves in, where we have no idea as to what the amounts of the taxpayers' dollars we are going to spend on defense starting in the 1st of October 1991, which means, of course, that what we do on the floor of the Senate and in committee in the next few weeks is going to be probably more important than any other time, at least in recent history.

Secretary Jehn, you, at least in concept, seem to support most of the provisions of the legislation which I have proposed. You kind of address all of those issues. Do you think that you can implement some of those programs without benefit of legislation?

Mr. JEHN. Yes, sir. Some of the things I have mentioned already. As I recall, you propose extending, for example, commissary and PX privileges to separating members for up to 90 days. I do not remember exactly what the provision in your bill is, but certainly we believe we have the authority to do that ourselves. That is an example of something the Secretary has already approved in concept. We just need to coordinate within the building and make sure we understand exactly how we will implement it and what its cost will be before we go ahead and get ready. And that is why I said we will be able to do a lot of those things by the 1st of October.

Senator MCCAIN. Good. I would appreciate it if you would provide to the committee those areas that you think—of the proposed legislation or areas that would satisfy this or go to address some of these problems of transition that you can do within the framework of your authority.

Mr. JEHN. Yes, sir. We will do that.

[The information follows:]

TRANSITION ASSISTANCE

Mr. Jehn's statement has information on elements of the Transition Assistance Management Plan within the authority of the Department of Defense to implement on pages 11 through 13.

Senator MCCAIN. So we do not have to be redundant.

When do you see involuntary separations beginning?

Mr. JEHN. Well, involuntary separations are going to be required even if the President's budget is enacted as we submitted it in fiscal year 1991.

Senator MCCAIN. Sometime in October of this year?

Mr. JEHN. I think an answer with that much detail is better addressed by the personnel chiefs. But certainly, in all cases, the earlier we can offer notice of separation to individuals, the better. Better for them, obviously, but also better for the Department, in that we will be able to realize the savings from their leaving the military pay accounts much sooner. And we will be better able to compensate them.

Senator MCCAIN. General Ono, when would you anticipate the involuntary separations beginning?

General ONO. We began this year. We had a lieutenant retention board in which we considered both the——

Senator MCCAIN. When would you expect enlisted involuntary separations to begin?

General ONO. We had some this year through the qualitative management program. And it will be expanded in 1991. But if you are talking about going into a direct reduction in force action, we are hoping to avoid doing that until fiscal year 1992 or 1993. But our force reduction programs have begun.

Senator MCCAIN. General Hickey, did you want to say something?

General HICKEY I would say that we are not going to have a reduction in force board, but we are in fact going to implement plans to separate E-4s at 10 years of service. And those will be involuntary separations. And those people should be eligible for separation pay and the benefits of this program. In the U.S. Air Force, a program is announced. They are grandfathered through the staff sergeant cycle which will be held in July 1991.

And so on August 1 of 1991 we will have the first enlisted involuntary separatees who will be eligible for this kind of legislation. I think some of the other services are already separating those people. And they may get lost in the shuffle, but they should be included, I believe, in this kind of legislation as an involuntary separation, not for quality or adverse action.

Senator MCCAIN. General Smith.

General SMITH We would have the same situation, Senator, in the Marine Corps. For fiscal year 1991 the involuntary separation of enlisted marines is literally minuscule, less than 250 high-year tenure, and we figure that cost to be less than $4 million.

Senator MCCAIN. Admiral Boorda.

Admiral BOORDA We will not have—the definition I would use for involuntary separations is not someone who is not retirement eligible. I think if a person gets to retirement eligibility, and then we retire them due to high-year tenure, I am not counting that in your question, really. That really is treating enlisted personnel the same way we do officers under DOPMA.

But pure involuntary separations of enlisted personnel, I do not see the Navy having to do that at all.

Senator MCCAIN. Thank you. Mr. Chairman, my time is expired.

Senator GLENN. Thank you. Senator Nunn.

Senator NUNN. Mr. Chairman, I know you have a vote up there and you all have other questions. Let me just say, I commend you and Senator McCain for taking the time, which I think is perhaps the most important time you will spend all year, any of us will, in looking at the people problems that result from the kind of budget situation we are in now.

Part of this overall budget dilemma is caused by the changes in the threat. Unfortunately, in terms of logical planning, most of it is caused by the fiscal squeeze we are in that would be there even if Brezhnev were still in power and the Warsaw Pact still existed. That is the dilemma. I think the Admiral made a very good statement about the way we logically should proceed, and I agree with that completely, and I hope we can.

Logically, our budget process in defense would start with budget authority, and the outlays would be the fallout from that budget authority. Logically, we would think 3 and 5 years, and we would not be thinking 1 and 2 years. But unfortunately, the whole Gramm-Rudman process and the budget squeeze we are in forces us to do anything backwards, which is to manage by outlays. And that is a disastrous way to manage defense. We have been doing it for 5 years and it is, I think, very, very bad. And the other thing is to do it 1 year at a time.

The thing that I am trying to encourage our budget summit group, both administration and the Congress to do, is to manage the Defense Department over 3 to 5 years, even if the numbers are lower. Let us have 3 to 5 years to get there, so that we can treat our people honorably, as they deserve to be treated.

And so it is not only a question of treating those honorably who are going to be getting early retirements or early outs or even pink slips. It is also a matter of not destroying the morale of those who are left, who have to defend the country.

I think we need 3 to 5 years, and I hope we will get that kind of figure from the budget summit, rather than a 1-year figure. And I hope it will be dominated by budget authority and not dominated by outlays.

The other thing I would say is I would have to agree with Senator Glenn's comments about not having any kind of strategy from the administration that we can really base our presentation on. It is true that the budget numbers have not come from the Congress, but neither have they come from the administration, because the administration's budget is outmoded, and everybody knows that, and they have admitted it.

So the budget we were sent in January is no longer applicable, so we do not really have a budget, in effect. We do not have one that meets Gramm-Rudman, and that is the reason we are facing a huge sequester. And the way I think the thing ought to evolve is we ought to have a threat assessment, the strategy ought to evolve from that and the budget ought to evolve from that.

Unfortunately, that is not the way we are proceeding. And when you get down to the budget, I think, the force structure ought to be the first element. But what we have got now is, we have an R&D budget, we have a procurement budget, we had all the overhead that goes with that, we had a readiness budget, we still do not have a force structure presentation.

The other elements should be under force structure. We have gotten force structure last. So everything is being done backwards, both from a budget point of view and from an assessment point of view. And, unfortunately, the people are left in the squeeze. But I can assure you that with Senator Glenn's leadership, Senator McCain's leadership, our committee is going to be looking hard at this problem. And we are going to try to do everything we can to ease the damage and to continue the high morale that is so essential to defend our security.

And I thank all of you.

General, we wish you well in your retirement. You have had an outstanding career.

Senator McCain. Mr. Chairman, may I thank the chairman of the full committee for everything he has done to inject a voice of sanity into this process. And if we do achieve anywhere near a long-term program for defense, it will be because of his efforts. And all of us are very grateful for that.

Senator Nunn. I thank you for that very much, Senator McCain. You have been out front yourself in this whole area. I think you have been an excellent leader, both Senator Glenn and you and this subcommittee is one of our most important. So I thank you for your hearing and will pay careful attention to your recommendation.

Senator Glenn. We are going to have to recess temporarily. We are down halfway on our voting period. We will be back as soon as possible.

[Recess.]

Senator Glenn. General Ono, Admiral Boorda, General Hickey, General Smith, each of you has commented on the strength reductions you have planned in the President's budget for fiscal year 1991. As I understand your comments, though, none of you would take actions that would require the involuntary separation compensation and benefits we have been talking about. Is that correct, for fiscal year 1991?

General Ono, did you say you had already started some of that, involuntary?

General Ono. We already started some involuntary actions. But the affected lieutenants were not eligible for separation pay. We also have some selective early retirements that we did this year for the officers. We always had, just as General Hickey mentioned, reenlistment control points that would be triggered if separation pay was allowed for the enlisted.

Now addressing fiscal year 1991, although the final decisions by my Secretary and Chief have not been made, according to all the plans we have, we do think that we need a RIF action for both company-grade and field-grade officers. These are people who are not retirement-eligible. They are part of our proposal at this time, although final action has not been taken.

Senator Glenn. How about enlisted?

General Ono. On the enlisted side, we would have tightening of the reenlistment control points. And that would prompt them to be eligible for separation pay, also.

Senator Glenn. Okay. Admiral Boorda, how about you?

Admiral Boorda We are talking about the 1991 budget now. We have a scheme, I guess is the best way to deal with it, a strategy that says, you work on retirement-eligible people and recruits before you go into the mid-career force. We have a high-year tenure program that requires retirement for enlisted personnel that matches the timing of DOPMA. For example, an E–9 and an O–6 both retire at 30 years. A commander, an O–5, and an E–8 both retire at 28. Those are retirements that are planned and that is the logical way to do business.

We also are reducing our recruiting down to the limit, to where I do not feel uncomfortable that I can provide readiness for the future. You need to keep a seed going for the future Navy. We are able to handle our 1991 reductions by those two means.

I will have to find about 194 young junior officers, probably at the lieutenant level, lieutenant J-G level, who we will shorten their obligation. But I believe we can find that with people who perhaps are having trouble maintaining their warfare qualification or keeping their wings. We can relate that to performance. So I do not see that as related to this.

Senator GLENN. General Hickey.

General HICKEY We are in a similar case. We are implementing a series of new enlisted programs which reduce high year of tenure. They are similar to what Admiral Boorda talked about for Navy enlisted personnel, but we are reducing the high year of tenure for tech sergeants, master sergeants, and senior master sergeants by 2 or 3 years in each of those grades. That will all occur in 1991. It is phased in from February 1 through October. It will all be done by the 1st of October 1991.

Those are all retirements, so there is not a readjustment pay required for in those. It is somewhere between 3,000 and 5,000 involuntary early retirements. Even though I told you at an earlier hearing that we had no plan for a selective early retirement board in 1991, we now feel that we will have to have one. We are planning on having a board on the 3rd of December which will identify lieutenant colonels and colonels for early retirement.

I do not know the exact number that the Secretary will pick. He picks it just before the board. We are looking at something probably on the order of 400 to 500 officers that will be separated or put into retirement early in that selective board process.

Senator GLENN. Would all of them, including all the lieutenant colonels, be in the retirement eligible——

General HICKEY Yes, sir. And under the standard DOPMA policy for SERBs—we will follow the basic DOPMA rules.

We have also instituted a new program for the U.S. Air Force which limits high year of tenure for E-4s to 10 years. So those will separate.

We have quite a number of E-4s in that category right now. On a long term annual basis it may only be 200 to 300 per year, but since we have had a career tenure for E-4 out there through 20 years, we are talking about something on the order of 1,100 to 1,200 people who are vulnerable to that separation this year. They would be eligible for transition pay.

Senator GLENN. General Smith.

General SMITH Senator Glenn, in our enlisted structure, as I mentioned before, the fiscal year 1991 President's budget would require fewer than a little bit under 250 for involuntary separations. They would be linked to our normal personnel management characteristics of high-year tenure. Then we would also have our twice-passed-over captains and our non-augmentees, meaning those marine officers not going from reserve to the regular components and that figure, as I have it today, is about 223 officers. So we think roughly in the vicinity of $4 million additional costs for 1991 in the President's budget.

Senator GLENN. Over the 5-year POM that you just submitted—Army strength at 580,000, Navy strength at 540,000, Air Force at 467,000 and Marines at 159,000 by the end of 1996—could you give me an estimate of how many involuntary separations would be required? Have you run those figures out, General Smith?

General SMITH That POM was developed with absolute minimum emphasis in the Marine Corps on involuntary separations other than those that would happen to occur in the scenario that I just gave you a few moments ago, sir.

Senator GLENN. General Hickey.

General HICKEY Mine are the same. The lowered high year tenure—3,000 to 5,000 per year and the E-4 limit at around 10,000 for the first year.

Senator GLENN. Admiral Boorda.

Admiral BOORDA I can execute that 5-year plan without any enlisted involuntary separations at all. I will have about 2,000 officers who will leave before the end of their obligated service. I would be able, I believe, to make that voluntary. Because that is 2,000 across the entire FYDP. I would need a selected early retirement. The Navy is the only service that has not been forced to use that. But with those numbers, I would have a selected early retirement for about 500 people across the FYDP.

Senator GLENN. General Ono.

General ONO. In the Army's case, I think you know that is the largest, we are coming down with the largest number, and that is 184,000 between 1990 and 1996. In looking at our programs in order to come up with a balanced force, both on the enlisted and the officer side, we see a need to do selective early retirements both for NCOs as well as officers, to do reduction in force actions for the enlisted as well as the officers, and to do reenlistment controls for the enlisted personnel also.

Tough, tough actions are needed, Mr. Chairman, in order to come up with a balanced force, one that is ready and also providing a modicum of promotion opportunities and new accessions every year in order to keep the flow of the Army going.

Senator GLENN. Mr. Jehn, CBO ran out some figures for us on the cost of S. 2663, the bill that Senator McCain has put in. Their estimate was that it would cost $105 million per every 10,000 military personnel who are involuntarily separated.

In addition, the expansion of the unemployment compensation coverage from 13 to 26 weeks proposed in the bill would increase DOD's current unemployment compensation cost by, in their estimate, by about $90 million a year.

Do you have any figures? Do you agree with those figures? Are they in the ballpark? What are your figures?

Mr. JEHN. Well I would like to break them down. What you just said are some totals. The numbers I have seen have been expressed as totals per 10,000 for separation pay, something on the order of $89 million. That is in the general ballpark of where we think it will be.

We think of those separated, of those involuntary separations, something in the vicinity of 70 percent. And now we are talking enlisted only, by the way. That number cannot apply to officers because the number would be much higher if it were 10,000 officers, for example. But for enlisted personnel, for 10,000 involuntary separations, we expect something on the order of 70 percent would be eligible for separation pay. The average separation pay would be about $12,100. You multiply that out and you get about $85 million as compared to their number of $89 million as separation pay. So we are in the same ballpark.

They have made an estimate of medical cost, if I am looking at the numbers which have the same source as your numbers, medical benefits totaling about $11,000 million per 10,000 separations. That seems high to us. But I would have to see exactly what the basis for their calculations was. We think we can deliver it somewhat cheaper than that.

They show a total cost of $95 million for expanding unemployment compensation. That is a number that does not mean a lot to me because obviously it depends on how many people, in fact, are separated. So they just cannot say it is going to be $95 million; they have to tell us how many people it is going to cover. There is information missing there.

Unemployment compensation, right now, runs about 9 weeks coverage average—in other words, people draw benefits for about 9 weeks, and the average benefit amount is something on the order of $160 per week. So you multiply that out and you can figure out under the current rules how much unemployment compensation is costing. But how much it would cost under a 26-week entitlement, we cannot estimate without knowing (1) how many people would be entitled to that benefit and (2) how long they would remain on the unemployment rolls.

Senator GLENN. Admiral Boorda, in your statement you state, and I quote, "transition programs are expensive." In particular, large separation payments may mean that you actually increase manpower expenses during the first year of reduction. You have to provide funding for these expenses. If funding comes from accounts needed to pay active personnel remaining, my only choice would be to cut more people to make up the difference. More people cut means more transition expense.

Are we really not going to make any savings on this until about the second or third year out?

Admiral BOORDA Well, our history, our mutual history, is that the authorizing committees do wonderful things for us, and the appropriating committees do not. If you were to authorize something that seemed fair to you but was very expensive and the appropriators did not appropriate the proper funds, then my counterparts and I would have only one place to get the money. Because you would have created an entitlement. And once you do that we have no choice but to pay it.

The only place to get money in the personnel accounts is from the people who remain. That is a tailspin that I would sure like to avoid.

Senator GLENN. With regard to Senator McCain's proposal, you indicate that the effects of the bill on females and disabled workers, impact on the medical community of providing expanded coverage, the specifics of the relocation and assistance provision, the ability of separated members to convert their GI bill benefits are areas which may require further study and refinement. Can you elaborate on that? Or do you have that under study and in refinement now?

Mr. JEHN. That is a question you are addressing to me, Senator?

Senator GLENN. Admiral Boorda had that in his statement, I believe.

Admiral BOORDA We are working with DOD in an transition group to do all of those things.

Senator GLENN. To put together the whole package?

Admiral BOORDA Yes, sir. You know Senator McCain's bill really looks a great deal like a lot of things we are looking at. But I think all the services are working together to do just what I said.

Senator GLENN. Mr. Jehn, would you address that?

Mr. JEHN. I would give the same answer the Admiral just gave. These, in fact, are things that are under consideration right now. I could walk through the list of things we already have approval from Secretary Cheney on. And those are things we are absolutely sure we can have up and running by the 1st of October. And as far as working through the implications of some of these other things, as Admiral Boorda said, we have got a task force working on that set of problems right now.

As I said in my opening remarks, I have created a new directorate within Force Management and Personnel to plan, manage and coordinate the whole range of transition assistance programs.

Senator GLENN. General Hickey, I believe you said in your statement the Air Force is concerned about the provision requiring members stationed outside the United States to return to a stateside base for 3 to 6 months prior to separation. And that additional problems will be encountered with the requirement to notify members of their separation and accomplish the required transition assistance briefings not less than 180 days prior to separation.

Does this mean you are going to have to do a double transfer on people or something like that?

General HICKEY That is what our concern is. We want to take care of people and there are desirable aspects of that provision of the bill. But what it looks like it may do to us would be to bring someone who would otherwise separate at the port returning from overseas and put them at a stateside base for 3 to 6 months. And then they would have to move again.

What I do not want to do is promise folks that we are going to do something for them that turns out to be something that we cannot come through with. I think there may be some opportunities for us to work those people and their transition programs at their overseas bases as we expand the Department of Labor effort that we are working on with DOD.

General Chavarrie is going to tell you relocation job searches from remote or overseas sites even are possible now. Maybe we can do an awful lot of that transition work for them and ease their ability to separate at the port. But separating at the port is a very difficult bind to put people in. Those people that are going to be separated from overseas are going to get caught in that. But I do not know of a better way to handle it than to try and build a transition program that is tailored to them in an overseas environment.

I am skeptical that we could make work some kind of a program that would put them at a stateside base. But the reason I want to study it, is that there is the possibility that you could have a processing base identified and, in fact, you could put people there. And you would send them there only for some kind of our processing program. But that was my concern with the 3 to 6 months at a stateside base.

On the 180-day warning time, certainly that is desirable. And I think in most cases you would want to do that and start the transition process for those individuals at 180 days. My practical, perhaps cynical view of the world is that we may not always have that kind of luxury for that 180-day warning time. This year being a case in point.

In my fourth cycle we are going through this year it is not beyond the realm of my imagination that we will not have an authorization or an appropriation bill before maybe the 20th of December. Nobody is going to want to do that but it could happen that way. That means that I would have whatever tasking I have for cuts to deal with in January or February. Then if I try to lay 180-day warning time on those people, I run out of the fiscal year before I can get it done. So from a practical point, we can't get there.

The other part of that that deals with a 180-day minimum time deals with the individual. Most of our separation programs say you have to be separated by the first day of the seventh month or some period of time in there. But there is a wide range of individual decision making and discretion on when they leave. This kind of infers that they have got to go through this full process or it does not count. You might, in fact, put a squeeze on the individual.

So those just need to be cleared up. They are minor, I think, points, but technical things that can be changed and corrected. Overall, the proposal is superb.

Senator GLENN. Just one other question. We will have additional questions to be submitted to you. We have been slow getting through all these things this morning here. I would appreciate your response to those things. Just one other question here. We got some figures yesterday as to, I believe, what Secretary Cheney is proposing is an Army cut of 30 percent, Navy 15, Air Force 15, Marine Corps 25. Are those the figures that will probably be submitted, Mr. Jehn, do you know?

Mr. JEHN. Those figures were prepared for the Secretary's use during the deliberations at the budget summit. As such, they are just an exercise, an illustrative set of calculations the Comptroller went through on his behalf so that he could show his counterparts in the Congress who are engaged in the budget deliberations what the effect of a 25 percent cut of force structure would be, what implications that would have to the budget.

You will note there is no time phasing or anything of that sort in those numbers, so exactly what we will wind up proposing obviously will be a function of the program review we are going through right now, but also the deliberations of the budget summit. So these numbers should be looked at as an illustrative calculation of what the effects on structure and end strength and so on would be of a 25 percent force structure cut to the Defense Department.

Senator GLENN. How did those numbers come out of this, do you know? Because I still do not see any definition of the kind of force structure we want, what the mission is, what the threat is. What are we responding to with this? I do not understand.

Mr. **Jehn**. I really cannot answer that question. As I said, that was a set of calculations the Comptroller went through as he did, in essence, staff work for the Secretary. I think to a certain extent, of course, they are budget-driven. The whole idea was, what would happen to the budget and to its various elements if you cut force structure 25 percent?

Senator **Glenn**. I understand there had to be some rationale for assigning these different percentages of cuts here, because they go clear across the board. I thought in this new time period we are looking for mobility and looking for readiness and all that sort of thing, and we find the Marine Corps cut from 197,000 down to 149,000, about a one-fourth to 25 percent cut in the Marine Corps. General Smith, did they discuss that with you, and is there a rationale for that that the Marine Corps accepts?

General **Smith** Senator, thank you, sir, for the question. No, I was not part of the discussion on that, and according to my Commandant this morning he was not, either.

You know, several years ago the Commandant charted a course for our corps all the way through to the year 2000, and this corps was designed, in his view, to retain our statutory responsibilities, that being a force in readiness with the global reach in the expeditionary mode.

To further support this responsibility, he did a bottom-up study of our force structure from the platoon all the way to the Marine Expeditionary Force level. Now, this study reflected a requirement for a force of around 190,000 Marines to accomplish these missions. Then all of a sudden we see jumping into the fore front the fracturing of the Communist world and the perception of the reduced threat. Global war is certainly not on the new horizon, and at least the Soviets do not appear to have the will any more, although they certainly have the capabilities to threaten us.

Now, in view of these realities, we have looked at even further ways to design our force, make it become more light, more lethal, more nimble, more stretched globally, and we feel we have done this in pretty good shape. This force figure today that he is looking at, based upon the expected employment and the responsive requirements for our Nation, for the Marine Corps and our Navy counterparts, is around 180,000 to 182,000 marines, and this particular figure is not inconsistent with what our corps has been for many numbers of years, with the exception of the high water marks during the Korean war and during the Vietnam war. So, if we are to maintain our mission requirements, the force levels cited in illustrative example certainly are not realistic.

Senator **Glenn**. Well, I would hope—and we are going to have to end this panel here, because I have to leave here by about twenty-five after and we do have another panel yet—I would hope that these figures are being run out not just on percentage cuts or just whacking away here and there, but on some sort of basis of definition of mission roles. What are we going to put over in the Reserves, what are we going to have in the Regulars?

Our total force policy that we talked about had every one of these things. For us to know what we are doing, we have to have answers to those questions. Otherwise, we are just not going to have the design of the military for the future that is going to meet anything, except we just all decide to take equal cuts—it does not have anything to do with threat, or mission, or anything else—and that is no way to design the military of the future, I think we all agree. So I hope we can get a better definition of this so we can work with you on working these things out.

I have a whole host of questions here yet we have not been able to get to today, and I would appreciate your early response to those questions when we get them to you so we can get that included in today's record. Thank you very much.

Mr. JEHN. Thank you, Mr. Chairman.

Senator GLENN. Panel three, take your place at the witness table, please.

Our third panel, we have Lt. Gen. Edgar Chavarrie, U.S. Air Force (Ret.), Chairman of the Board of Miltran, Incorporated, Sergeant Major (Mac) McKinney, U.S. Marine Corps (Ret.), Noncommissioned Officers Association of the U.S.A., Co-Chairman of the Military Coalition, Col. Paul W. Arcari, Air Force (Ret.), Retired Officers' Association, Co-Chairman of the Military Coalition, Mrs. Sydney T. Hickey, the Associate Director, Government Relations, of the National Military Family Association.

As I indicated in my opening remarks, the Military Coalition crafted the bill Senator McCain introduced and requested to testify in support of its provisions. I know that Mac McKinney, for one, has been pushing for involuntary separation pay for enlisted personnel for a number of years. It was a hard sell when the force was expanding. Now the tide has shifted and the sale appears about to be made, I guess. Nonetheless, I look forward to the testimony of our witnesses from the Military Coalition.

I want to also say the subcommittee looks forward to the testimony from retired Lt. Gen. Ed Chavarrie. General Chavarrie has testified before this subcommittee in the job he held before he retired, and he brings with him that experience and that of working in the private sector on military to civilian career transition management, which I hope will give the subcommittee a unique perspective on this particular issue.

We would like any summary remarks that you may have, and we will start with Sergeant Major McKinney.

STATEMENT OF SERGEANT MAJOR C.A. (MACK) McKINNEY, USMC, (RET.), NON COMMISSIONED OFFICERS ASSOCIATION OF THE USA, CO-CHAIRMAN, THE MILITARY COALITION; ACCOMPANIED BY COL. PAUL W. ARCARI, USAF, (RET.), THE RETIRED OFFICERS ASSOCIATION, CO-CHAIRMAN, THE MILITARY COALITION

Sergeant McKINNEY. Thank you, Mr. Chairman. It is a delight to be here today, and I thank you very much for the opportunity for the Military Coalition to come before you with its representatives to speak in behalf of the legislative proposals S. 2352 and 2663. A list of the Coalition member organizations is attached to the end of my prepared statement.

I am retired Sergeant Major of Marines C.A. (Mack) McKinney, legislative counsel, Non Commissioned Officers Association, and I am accompanied by the Co-Chairman of the Military Coalition, retired Colonel Paul Arcari, U.S. Air Force, Director of Government

Relations for the Retired Officers Association, and Mrs. Sydney Hickey, Associate Director of Government Relations for the National Military Family Association. Mrs. Hickey will address the views of the military family on the legislative proposals I have mentioned in my opening remarks.

Times have changed, Mr. Chairman. As we all know, there is no draft in the Armed Forces and there is no stampede by military personnel to be separated from active duty. Instead, there is a willingness in hundreds of thousands of our Nation's youth to serve their country and for tens of thousands more to opt for a military career.

It was Congress that voted to have an all-volunteer force, and it has put billions of dollars into the defense account to recruit and retain the highest-quality people ever assembled to man an armed force. They have received better pay, enhancements in quality of life and the best of technology available for their use in training, maintenance and operational endeavors.

But in some areas, there has been failure. For example, the Department of Defense and Congress have ignored the fact that these dedicated service members had to serve at their own financial risk. There is no vested retirement system. They are not authorized participation in tax-free contributions to IRAs, and there is no 401(k) plan. They are to move frequently but be reimbursed only for a part of their expenses, and there is no guarantee that they may complete a qualifying period of service for retirement benefits, yet when the force cuts occur they may be denied a reenlistment or just selected for separation on the basis of whatever arbitrary criteria suits the needs of the service.

On the day they are separated they must move from military housing. They are stripped of all eligibility for medical care for themselves and their families, and literally must begin a new life. There is no unemployment compensation for the first 4 weeks after discharge to help in their transition.

Then, under the unemployment compensation for ex-service members (UCX) program there is only 13 weeks of benefits if they remain unemployed, and there is also a problem with the spouses in qualifying for unemployment compensation. If they are deemed voluntarily to have left their employment to return home with a service member, they are denied eligibility, or they are denied eligibility for unemployment compensation on interstate moves. In far too many cases, these ex-service members and their families leave the service and they are destitute.

The legislation that the Military Coalition is supporting—separation pay for enlisted service members and the Involuntarily Separated Military Personnel Benefit Act accomplishes two things. First, it provides a tribute to these dedicated and loyal men who serve the Nation for 5 or more years, and second, provides them with a program that will offer a smooth transition from military to civilian life.

It must be called to mind, Mr. Chairman, that most of these service members will be going back home, or wherever, after years in the service of their country. They will have to seek employment, find housing for their families, enroll their children in schools, get reacquainted with the economy as well as the people in that town, and all manner of things that go along with moving and do it all on the pay due them on the final day of separation from the military. If there is a peace dividend to be realized from the defense budget, priority for its distribution should go to those who earned that dividend—the men and women of our Armed Forces. Part of that priority must be the adoption of separation pay for enlisted service members and a transition package that prevents the dumping of ex-military personnel onto the civilian economy at the expense of their home towns and States and most of all, converts them, from dedicated taxpaying soldiers, sailors, marines, airmen and coast guardsmen to productive, taxpaying citizens.

I might add, Mr. Chairman, in reference to your initial remarks there, my association wanted to know when I would retire and I said, as soon as I got separation pay for enlisted personnel. So that may be a hint, if you want to take it, sir.

Anyway, thank you very much for your time. The coalition certainly supports the bill.

[The prepared statement of Sergeant Major McKinney follows:]

STATEMENT OF
SERGEANT MAJOR C.A. (MACK) MCKINNEY, USMC (RET)
LEGISLATIVE COUNSEL
NON COMMISSIONED OFFICERS ASSOCIATION OF THE USA (NCOA)

AND

CO-CHAIRMAN
THE MILITARY COALITION
AND
COLONEL PAUL W. ARCARI, USAF (RET)
DIRECTOR, GOVERNMENT RELATIONS
THE RETIRED OFFICERS ASSOCIATION (TROA)
AND
CO-CHAIRMAN
THE MILITARY COALITION

Mr. Chairman: The Military Coalition, a consortium of 22 military organizations, is committed to the pursuit of fair and equitable legislation that will provide benefits to military personnel involuntarily separated as a result of downsizing the U.S. armed forces. The Coalition believes it necessary for Congress to adopt immediately the bill, S. 2352, and as quickly as possible the bill, S. 2663.

The two bills are briefly described below and in greater detail in the attachments hereto.

o S. 2352- introduced by the Honorable William Cohen, U.S. Senator (ME), for the first time in more than a century provides separation pay for involuntarily separated military enlisted personnel:

o S. 2663- introduced by the Honorable John McCain, U.S. Senator (AZ), provides a number of transition programs for involuntarily separated military personnel, both officer and enlisted.

According to the latest information available to the Coalition, the Department of Defense has agreed to reduce the number of its uniformed personnel over the next few years by 25 percent. Combined with the actions of the past two years, this will be the fourth time in the last half century that the military has had to discharge large numbers of uniformed personnel to meet congressionally-mandated end strengths.

The first three were the result of terminating armed conflicts. The latest is and will be caused by what is perceived to an ending of the cold war between the United States and the Soviet Union. Although there are some similarities between generations of soldiers, sailors, marines, airmen, and coast guardsmen, there are broad socio-economic differences that must be acknowledged when discussing the current needs of uniformed members involuntarily separated and transitioning to civilian life. Major similarities are primarily confined to ages on entry in the military and to the status of employment prior to entry. Most personnel accessions were in their late teens or early twenties and were not employed, or held part-time or menial jobs that were not career-patterned.

Variances between servicemembers of the 1940s through the early 1970s and the majority of those on active duty today are so significant that current programs are absolutely inadequate for the latter group. Today's servicemember is a volunteer soldier, sailor, marine, airman, or coast guardsman. He or she is better educated, desires to make the military a career, is most often married and has children, and maintains closer civic and social ties with the military or civilian community in which he or she resides.

CHART ONE at the end of this statement lists the programs that existed during the first three downsizings and the few that are currently available.

o Mustering Out Pay and other monetary benefits were immediately available to military separatees following World War II and Korea in amounts that were adequate to sustain the bachelor veteran. The ex-servicemember could immediately apply for a readjustment allowance (unemployment compensation) or go into a job that was federally-subsidized and readily available, or enroll in an education program that paid expenses and provided a living allowance. There also were farm, farm implements, and business loans for the veterans of W.W.II, Korea, and Vietnam who wished to be self-employed, and employment preferences for those of the first three groups desiring federal jobs. Restricted medical and dental care was available to the veteran only. However, most ex-servicemembers received medical care in VA hospitals with little or no restriction other than space available.

o Separation or severance pay was available following the Vietnam conflict but only to officers. No monetary reward or payment was made to enlisted personnel. However, most enlisted servicemembers separated during this period did so voluntarily and had accumulated savings while serving a tour of duty in Vietnam. They could apply for immediate unemployment compensation or enroll in a transition program that gave them on-the-job training in civilian employment while finishing the last few months of their military duty. Again, free education benefits were available that included expenses and living allowances.

Today's involuntarily separatees, with 5, 10, 15 but less than 20 years of active service, have little to look forward to by way of federal assistance in transitioning to civilian life. The majority will likely return to their home towns with little or no savings in their pockets and no mustering out or separation payments. They'll have no jobs waiting for them and since many will be married with families there'll be no housing, no family medical care, and no one to assist them in readjusting to an economy with which they are totally unfamiliar.

Currently unemployment compensation is not available for 4 weeks after separating from the military and, then, for only 13 weeks there after- not the 26 weeks that is available to civilians. Limited educational assistance may be had but only if the individual has monetarily contributed to the program before separation. Also offered may be a joint "transition assistance program" (TAP) that provides only basic vocational guidance and employment information. Test-TAP seminars are currently scheduled at but a few military installations and although servicemembers from other military bases may attend, the government is not offering permissive leave time to travel thereto. There is a Job Training Partnership program on the books, but its availability is restricted to a level where it is almost nonexistent. Also restricted is health care in VA medical facilities and is for the veteran only.

The Cohen bill, S. 2352, will provide some funds for involuntarily and honorably separated enlisted personnel; at the same rate and under the same circumstances as now authorized for commissioned and warrant officers. This legislation should be permanently enacted so that it addresses those enlisted personnel involuntarily separated or discharged or denied reenlistment at any time under identical purposes now related to the separation and discharge of commissioned and warrant officers. The Coalition strongly endorses separation pay for the latter group and believes, as did other studies, commissions, etc., that fairness and equity demand a comparable payment for enlisted personnel.

The McCain proposal, S. 2663, is comprehensive, and offers an ideal transition package for the men and women who are involuntarily separated as a result of force structure reductions. The package was designed by The Military Coalition at the request of Senator McCain. The original idea, for the bill and the health care and briefing provision came from the National Military Family Association (NMFA); relocation services from the Air Force Association (AFA); outplacement programs from the National Association for the Uniformed Services (NAUS) and the Air Force Sergeants Association (AFSA); G.I. Bill enhancements from the Association of the U.S. Army (AUSA); veterans preference from the Reserve Officers Association (ROA); separation pay and unemployment compensation provisions from the Non Commissioned Officers Association (NCOA); and assisting in the preparation of the health care and briefing provisions were The Retired Officers Association (TROA) and Naval Reserve Association (NRA), respectively. Preparing the final text and putting the package together for presentation to Senator McCain were the Air Force Association (AFA) and Navy League of the U.S. (NLUS).

In conclusion, The Coalition urges this distinguished Subcommittee to approve the two bills and guide their way through Congress (with amendments if necessary) to: first of all, reward the men and women whose dedicated service to the United States and its citizens has brought new hope for a lasting peace; secondly, convert energetic servicemembers into productive, tax-paying citizens, and- thirdly, accept the responsibility of their transition instead of the possibility of their becoming wards of the States.

Although any praise for these servicemembers coming from the Coalition may sound somewhat prejudiced, the 22-member organization (see list at end of this statement) refers the Subcommittee to a quote for the Ann Landers column, THE WASHINGTON POST, June 13, 1990.

> "A strong military is indeed vital to our nation's security, but as communism collapses around the world, both Republicans and Democrats have called for Defense Department cuts.
>
> "However, the hard work, dedication and sacrifices made by the men and women in the armed services deserve a salute. They are the best in the world and they helped end the Cold War."

DOWNSIZING THE MILITARY

MAJOR PROGRAMS AVAILABLE TO ASSIST EX-SERVICE MEMBERS TO TRANSITION FROM MILITARY TO CIVILIAN LIFE

1940s

- Mustering Out Pay (MOP) (to $300)
- Readjustment Allowance ($20x52 weeks)
- Guaranteed farm/business loans
- Education and Training
  - -Secondary & Post Secondary Schooling
  - -On-the-job/farm training (Expenses paid/$120 monthly living allowances)
- Preference employment w/Fed. Government
- Restricted Health/Dental Care (veteran only)

1950s

- Mustering Out Pay (MOP) (to $300)
- Unemployment Compensation ($26x26 weeks)
- Education and Training (similar to that of 1940s)
  - -1 1/2 days for 1 day of military service up to 36 months
- Job-counseling and placement services
- Preference employment w/fed. government
- Restricted Health/Dental Care (veteran only)

1970s

- No MOP (separation pay, officers only)
- Unemployment Compensation (same as for civilians)
- Employment Transition Program (Early separation for school or job)
- Educational Assistance (Similar to that of 1940s)
- Preference employment w/Fed. government
- Restricted Health/Dental Care (veteran only)

1990

- No MOP (separation pay, officers only)
- Unemployment Compensation (1/2 to less-than-1/2 available to civilians. 4 week delay eligibility)
- Noncompetitive placement in Fed. jobs
- Restricted Health/Dental Care (veteran only)
- Contributory Educational Program
- Job Training Partnership Act
- Transition Assistance Program (TAP) (Legislative Authority to test only)

S. 2663

SUMMARY OF McCAIN TRANSITION PLAN

1. **SEPARATION PAY:** McCain legislation will provide separation pay for officer and enlisted who are involuntarily separated after 7 years of continuous and honorable service. The legislation will remove the current $30,000 cap on separation pay.

2. **UNEMPLOYMENT COMPENSATION:** McCain legislation will repeal UCX, 5 U.S.C. 8521(C) and will allow military released from active duty to be eligible for 26 weeks of unemployment and to be able to apply end of one week of unemployment. Current law restricts military released from active duty to only 13 weeks of compensation and to start after four weeks.

3. **RELOCATION SERVICES:** McCain legislation will allow those members eligible for separation pay limited leave time, not to be charged to the individual, to visit the areas where they may wish to relocate. The expense of the trip will be borne by the individual member but they will be given the time by the service.

4. **OUTPLACEMENT SERVICES:** McCain legislation will provide job search and job referral services to those eligible for separation pay and their spouses. The bill will give these military members priority placement for federal jobs. Additionally, the bill calls on the President to establish a committee to seek private sector cooperation and job placement.

5. **MONTGOMERY G.I. BILL:** McCain legislation will allow those members that are involuntarily separated under honorable conditions and that are not currently enrolled in the Montgomery G.I. Bill to pay the $1,200 required to become vested in the program and to receive the full educational benefit.

6. **HEALTH CARE:** McCain legislation will allow those eligible for separation pay to receive continued CHAMPUS health benefits, at active duty rates, for three months after separation. Those that enroll in the Uniform Services Insurance Program within those three months will have continued eligibility for documented conditions. Members undergoing care at a military facility as of midnight of the day of separation will be covered up to one year for that pre-existing condition.

7. **SERVICE BRIEFINGS:** The military services will ensure that transition briefings are available to members as well as their spouses. The briefings will cover, at a minimum, those items covered above.

By Mr. COHEN:

S. 2352. A bill to amend title 10, United States Code, to provide separation pay for regular enlisted members of the Armed Forces who are involuntarily discharged or released from active duty or denied reenlistment; to the Committee on Armed Services.

SEPARATION PAY FOR ENLISTED MEMBERS OF THE ARMED FORCES

● Mr. COHEN. Mr. President, I am introducing legislation today to correct a longtime inequity in military compensation. My bill would for the first time provide separation pay benefits for enlisted personnel who are involuntarily separated from the service.

The need for this legislation is clear. Officers in our military services have long had the separation pay benefit, but it has been denied to those in the enlisted ranks. The courageous men and women serving the enlisted ranks deserve this benefit no less than their commissioned counterparts.

This is especially so at a time when there is discussion of significant reductions in military personnel strength as a means of cutting defense expenditures. A good case for these personnel cuts can be made as tensions are being reduced throughout the world and as democratic forces assert themselves both in Eastern Europe and in this hemisphere as well. But as we talk aobut the so-called peace dividend, it is critical that it not be taken from the pockets of the men and women who have volunteered to make sacrifices and risk their lives in the armed services to assure that peace.

If there are substantial reductions in force over the next few years, it is imperative that separation pay be extended to the enlisted force. As it stands now, commissioned and warrant officers with 5 or more consecutive years of active service who are involuntarily separated would receive severance pay. This pay can reach as high as $30,000. But for enlisted service personnel, even with 19 years, 11 months and 29 days of honorable active service, there is nothing, not one dime of tribute in recognition of their loyalty, dedication and service to other nations.

Over the years, there have been repeated recommendations that this imbalance be corrected. In the 1967-69 "First Quadrennial Review of Military Compensation," the following statement appeared:

> Existing laws make no provision for separation pay to enlisted personnel except those separated for disability (and those reservists involuntarily released after five years or more of continuous active duty, although in practice only very few enlisted members qualify). The concept of separation pay should be extended to the enlisted grades on the same basis as now applies for officers to assure the just and reasonable treatment of these people and to give force managers a credible method for tailoring the enlisted force to best meet operational requirements.

Since that report, the Defense Department has repeatedly proposed readjustment or separation payments for enlisted personnel. In addition, separation, severance or readjustment pay for enlisted personnel has been recommended by he following: Interagency Committee, 1971; DOD Retirement Study Group, 1972; Defense Manpower Commission, 1976; President's Committee on Military Compensation, 1978; and General Accounting Office, 1972 and 1978.

The case for this legislation is all the more compelling today. Reductions in force are a virtual certainty. And enlisted men and women will certainly be affected. Those who made a commitment to their Nation through their decision to volunteer to serve should expect no less a commitment from us as they are told their service is no longer needed.

I should say parenthetically as a member of the Armed Services Committee and former member of its Manpower Subcommittee that we have done much on behalf of the men and women in our Armed Forces over the past decade. We gave them better pay, enhancements in quality-of-life, and the best technology available for their use in training, maintenance, and operational activities. We also restored GI bill educational benefits. But in some areas they continue to be shortchanged.

These dedicated career service members serve at their own financial risk. They are provided no vested retirement program. They are not allowed to participate in tax-free contributions to individual retirement accounts. There is no 401(k) plan for the military.

Service personnel are required to move frequently, but are reimbursed for only part of their expenses. And they are not guaranteed the ability to complete a qualifying period of service for retirement benefits. Yet, when force cuts occur, they may be denied reenlistment or simply selected for discharge on the basis of whatever arbitrary criteria suit the needs of their service.

The day they are discharged, they must move from military housing. They are stripped of all eligibility for medical care for themselves and their families. Literally, they must begin a new life.

As they do so, they are denied unemployment compensation for the first 5 weeks after discharge. Then, under the Unemployment Compensation for Ex-Servicemembers [UCS] Program, they are allowed only 13 weeks of benefits if they remain unemployed. That is about half the level of benefits available to Federal civilians, who can receive up to 26 weeks of benefits immediately after losing their job.

The legislation I'm introducing today, separation pay for enlisted military personnel involuntarily separated from the Armed Forces, accomplishes two things. First, it provides a recognition of the sacrifices these brave men and women have made during their 5 years or more of service to their Nation, and second, it provides them with a much-needed transition benefit so that they and their families do not face a bleak period as they seek civilian employment.

We must not forget that most of these individuals will be going back home after years away in the service of their country, finding housing for their families, enrolling their children in schools, and dealing with the wide range of problems that go along with moving. As they face these challenges, it is only fair and equitable our enlisted military personnel be treated in the same way we do our commissioned officers, Federal civilian employees, quasi-governmental workers, and foreign hires.

This measure is similar to legislation introduced in the House by Representative JIM SLATTERY. It is endorsed by the Non Commissioned Officers Association, which deserves great credit for the leadership role it has taken on this question. I have had the pleasure over the years of working with Mack McKinney, Dick Johnson, Chuck Jackson and others in NCOA on behalf of enlisted men and women. Their efforts have been critical in successful initiatives to raise military pay, restore GI bill benefits, and make other improvements of service personnel and their families.

I am pleased to work with the NCOA on behalf of this important legislation to bring equity for those who have volunteered to serve their nation and whose successful efforts on behalf of the cause of freedom have enabled our Government to look for these reductions which will have the ironic effect of forcing their involuntary departure from the military. My hope is that this bill will receive positive consideration.

In closing, I should add that I know the Defense Department is considering separation pay legislation of its own. I'm pleased it is taking this step and will give the approach it puts forward consideration when it comes before the Armed Service Committee. Meanwhile, I am hopeful that the bill I'm introducing today will help to stimulate debate on this needed benefit for enlisted personnel.●

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Senator GLENN. We are not trying to get rid of you.

Sergeant MCKINNEY. I just gave you a way to do it, sir.

Senator GLENN. Colonel Arcari.

STATEMENT OF COLONEL ARCARI, USAF, (RET.), THE RETIRED OFFICERS ASSOCIATION CO-CHAIRMAN, THE MILITARY COALITION

Colonel ARCARI. Thank you, Mr. Chairman. We appreciate your holding these hearings. I think Mack said it all, and in the interests of time I will align myself with his remarks.

Senator GLENN. Ms. Hickey.

STATEMENT OF SYDNEY T. HICKEY, ASSOCIATE DIRECTOR, GOVERNMENT RELATIONS, NATIONAL MILITARY FAMILY ASSOCIATION

Mrs. HICKEY. Thank you very much, Mr. Chairman. I would like to add my gratitude, along with that of my compatriots, on your holding this hearing for us to express our views. The majority of involuntarily-separated service members will have families. In previous draw-downs, a typical involuntarily-separated service member was either single or had left his family back at the home of record. I echo the enlisted chiefs. Families are the ones who are really concerned about the future. We find the service members are still, perhaps, a little more concerned about their tanks, but the families are uncertain and they are actually frightened. They read one thing one day and a contradiction the next. They do not know what to expect, feel they have no control over their lives and wonder if anyone actually cares.

Among the calls to NMFA was one from a distraught mother in Maryland concerned about the potential loss of medical care for her young daughter, who has a brain tumor. I attended a conference of 600 military spouses in Germany in late May. These were very frightened people. I cannot begin to tell you their reaction when I was able to tell them that S. 2663 had been introduced. The typical comment was, somebody back home really does care.

What are the characteristics of these families? They are not planning to return to their home of record unless assured of a job. They have little, if any, savings and are probably in debt from their last move. They are willing to relocate wherever they can find jobs and a decent standard of living. They have partial subsidized government transportation to their new home, and VA home loan eligibility. Some of them will have the Montgomery GI bill benefits. We hope even more.

The military member is educated, disciplined, trainable and drug-free. These families have the potential to be assets to any employer or any community. How can we help them make that transition? Out-placement services that assist in job matches to the civilian sector, information on where the jobs are and how much they pay. A relocation service to give them information on prospective sites, wage scales are meaningless without the cost-of-living information. A spouse's career that has been put on hold during active duty years may become economically more important to the family. They may have special medical or education needs.

The Department of Labor Transition Assistance Program, or TAP, being piloted at some military installations, should be a powerful tool to assist voluntarily separating service members who have some idea of what they want to do and where they want to do it. However, it is currently not designed nor resourced to assist those intent on a military career who now may be forced out.

For instance, the present TAP plan called for one computer job search per member. The member designating both the geographic area and the vocation. For these involuntarily-separated service members who know neither, the computer search becomes meaningless.

The anxiety of the service member and the high stress level involuntary separation will create in a family requires a much greater degree of personal counseling and follow-on counseling. The TAP program only allows for a 3-day workshop attended by 150 to 200 members and one instructor. Spouses are only able to attend the plan on a space-available basis, and they cannot take advantage of any of the follow-up employment services at the present moment.

Families separating from the service will lose their eligibility for medical care. Senator McCain's legislation suggests a 3-month bridge coverage under CHAMPUS. Neither the family nor the Government will incur costs under this plan unless medical care is actually received. In addition, there should be an extended year of eligibility for preexisting conditions for those who sign up for the DOD-sponsored health care policy, since it covers neither preexisting conditions nor pregnancies.

To protect the integrity of the family unit, these families must, to the extent possible, remain together during the transition phase. They need to receive briefings by knowledgeable counselors. It would be devastating for a family to fall into difficulty and end up on Medicaid and welfare rolls because they did not know a program existed, or because they were not accurately informed about its benefits. Whatever form restructuring takes, these family members' fears need to be addressed now. They need the assurance that, if necessary, a lifeline or bridge exists to ease their transition to civilian life.

Thank you, Mr. Chairman.

[The prepared statement of Mrs. Hickey follows:]

Statement of

SYDNEY T. HICKEY

Associate Director of Government Relations

On behalf of

THE MILITARY COALITION

The National Military Family Association (NMFA) is a volunteer, non-profit organization composed of members from the seven uniformed services, active duty, retired, and reserve, and their family members and survivors. Today, NMFA is priviledged to speak on behalf of the twenty-two member Military Coalition representing more than 1.4 million members and their families.

The Army anticipates that 70% of soldiers involuntarily separated will have families. In previous draw downs the majority of separating service members were single, while many of those with families left the family at the home of record.

Surveys show that one of the top three reasons service members and spouses give for making the service a career is job security. One spouse losing a job produces high levels of family stress. According to noted psychiatrists Holmes and Rahe, both spouses losing their jobs combined with relocation produces a higher level of family stress than death of a spouse or divorce. High stress levels substantially increase incidents of family violence. Calls to NMFA from military families around the world reflect deep concerns and real fears. They do not know what to expect and feel they have no control over their lives. A family stationed in Maryland anguishes over the potential loss of medical treatment needed by their young daughter who has a brain tumor. A soldier's family in Germany is afraid of being discharged and simply deposited on the shores of the United States. Some feel they will be abandoned with no way to care for their families. Others fear that family support agencies, Department of Defense Schools, and other quality of life items will be severely downgraded in a decreasing defense budget. Levels of uncertainty increase when headlines about force reductions and a draw down in Europe do not match what service members are told by their commanders. The need for stress counseling is escalating with no concomitant increase in counselors. Service members wonder what, if any, assistance will be offered to separating families and what career prospects will be available for those remaining on active duty.

Military members today are in uniform voluntarily and many plan to make the service a career. Those who have extended beyond their first enlistment traditionally have broken close ties to their homes of record. Since military families continue to incur out of pocket expenses when making Permanent Changes of Station (PCS), they usually arrive at new duty stations in debt. The current 11-13% pay disparity with the civilian sector, keeps them in debt. Current statistics show that fewer than 50% of prior military members are using their military skills in their civilian jobs. Without adequate transition assistance these separating families will have no jobs, no income, no home, and no health care while remaining in debt.

What do these families need to continue as contributing, responsible members of society?

Separation pay, available to involuntarily separated officers when they have completed five years of service, is currently capped at $30,000. Enlisted members are not eligible for separation pay. Separation pay is taxable both by the federal government and state governments. Even removing the cap for officers would mean payments substantially below their lifetime loss of retired pay. No separation pay for enlisted members involuntarily separated, through no fault of their own, invites family financial castastrophe. Families in debt will lose whatever personal possessions they own, the roof over their heads and the ability to purchase food.

SEPARATION PAY MUST BE EXTENDED TO THE ENLISTED COMMUNITY AND THE CURRENT "CAP" REMOVED.

The current disparity between civilian and military unemployment compensation is unfair and unacceptable. The loss of a job is a loss of income for anyone. Why should military members have an additional 4 - 5 week wait to be eligible for unemployment compensation? Why should their period of eligibility be half that of their civilian peers? The loss of the service member's job and the resulting relocation also means the loss of the spouse's job. Unfortunately, most states will not provide unemployment compensation to spouses forced to leave a job to accompany the service member, who departs the area. Military families are therefore currently placed in double jeopardy.

UNEMPLOYMENT COMPENSATION BENEFITS FOR SEPARATING MILITARY MEMBERS SHOULD BE THE SAME AS IN THE CIVILIAN SECTOR.

Since the institution of the all volunteer force, the services have consistently talked about the high quality of their recruits. The service members who will be involuntarily separated are bright, disciplined, loyal and drug free. Many of them are highly skilled and they and their families have learned to be flexible to meet the needs of the service. They are eminently qualified to join the civilian work force. Priority placement in federally funded jobs would allow not only the member to become quickly employed, but would allow the government to take advantage of skills taught at government expense while the member was on active duty.

Some do not have skills that will readily translate into marketable civilian jobs. However, their levels of education and mental abilities add up to highly trainable individuals. They need assistance to translate their military work experience into civilian terms and to learn job search skills. The Montgomery GI Bill was not available for some separating service members. Others, planning on full military careers, may have declined to participate. Allowing these members to buy into the program will provide them with necessary assistance for post service education that job retraining may require.

MONTGOMERY GI BILL ELIGIBILITY AND PRIORITY PLACEMENT IN FEDERAL JOBS SHOULD BE GRANTED

Having identified a vocation or profession, service members will need information on where the jobs are, what education is needed and where to find it. They will need information about communities since high wages for a certain occupation in one area will not present an accurate picture, unless the relative cost of living in that area is also known. Some families may have special medical or educational needs that must be met. Spouses in the majority of these families will also be seeking jobs. The availability and wage scale of jobs for them must be ascertainable. Permissive leave to find jobs will minimize the need for prolonged unemployment compensation. This is a family relocating, not just an individual. The needs of the total unit must be considered when the family chooses its new location.

OUTPLACEMENT AND RELOCATION SERVICES MUST BE PROVIDED FOR THE FAMILY UNIT

The Department of Defense has contracted with the Mutual of Omaha Insurance Company for a health policy for those losing military medical benefits . However, the least expensive premium for a family of four is over $600 for three months and must be paid up front in a lump sum. It is difficult to imagine a family with no income being able to afford such a premium. The plan does not cover pre-existing conditions for one year and does not cover pregnancy. Even those finding employment shortly after separation may find their new employer's medical benefits do not start immediately and that there are waiting times for pre-existing conditions. It would only take a relatively minor illness or accident to place these uninsured separating families on the Medicaid rolls.

Temporary medical coverage for three months under CHAMPUS at active duty family rates will provide a hedge against medical costs. It has the advantage of costing the separating member and the government only if care is received. Those who join the DoD contracted plan should continue to be covered under CHAMPUS for pre-existing conditions for the one year of non-eligibility and for pregnancies existing at the time of involuntary separation.

In addition, those undergoing specialized care at a Military Treatment Facility (MTF) at the time of separation should be able to continue that care as designees of the Service Secretaries. A child in the middle of chemotherapy should be allowed continuity of care.

A COMPREHENSIVE BRIDGE MEDICAL PLAN SHOULD BE OFFERED

One of the most frequent complaints NMFA hears from military families, is that they didn't know a program existed or that they were not adequately briefed. Counselors who are fully knowledgeable about each of these programs and all other benefits and programs that apply to these families, must be available. Service members should have mandatory briefings and families strongly encouraged to attend.

BRIEFINGS BY TRAINED AND KNOWLEDGEABLE COUNSELORS

Any transition benefits offered to these separating families, must be focused on encouraging them to get on with their lives and should not encourage them to stay around "the gate."

In conclusion, service members who are being involuntarily separated can be a gold mine for civilian employers. Business and industry could benefit by matching jobs with individuals who are intelligent, loyal, disciplined and drug free. The government, not the employer will provide most transportation costs to the new location. All these families are eligible for VA home loans, reducing the need for excessive housing assistance from employers. Many will have GI Bill eligibility so employers won't have excessive retraining costs. Most importantly, these families will be willing to relocate where the jobs are. Plant and factory closings bring outcries for the facilities to be used by other industries so workers can remain in their hometowns. A military family's hometown is the world.

The family will live with the decision of where to relocate. It must participate in the decision making process. The family must remain together during the transition phase and those who are stationed overseas should have adequate time in the United States before discharge to overcome culture shock and locate jobs. It will be next to impossible for the soldier stationed in Frankfurt, Germany, to find a job in Omaha, Nebraska.

These military families are currently responsible, contributing citizens who through their dedication have created the situation that will force many of them to give up their chosen careers in the military. The provisions of S. 2352 and S. 2663 will offer these families the necessary bridge to fully productive civilian lives.

Senator GLENN. Thank you very much.

General Chavarrie, we welcome you back to the committee. You have been before the committee before. We welcome you back in your new status.

STATEMENT OF LT. GEN. EDGAR A. CHAVARRIE, USAF (RET.), CHAIRMAN OF THE BOARD, MILITRAN, INCORPORATED

General CHAVARRIE. Thank you. I know you have about 6 minutes, but I would really like to take 30 seconds to echo exactly what the people at this panel have said, and others, with regard to Senator McCain's bill. But more importantly I think, sir, is that we read a lot of scary things in the headlines. But the things that are not scary all the time are the things that come from you, Senator Glenn, Senator Nunn, Senator McCain. And for that I can tell you, for all the scare headlines, if there is any sanity, it is knowing of the dedication of this subcommittee, particularly you and your staff. And I can tell you that that is known. I wish we could all get on the train and go to Ohio when the time comes.

Senator GLENN. I suggested that earlier.

General CHAVARRIE. Sir, I am one of your transitionees. I have been out about 3½ years and made the transition. And I am with a company that about 4 years ago decided it was a good thing—and it is a little altruistic—to help military personnel as they leave the service.

In 1986, some people formed a company called Militran, and it had two goals. Number one, to alert industry to the fact that these military people that are coming are dedicated and loyal. They are trustworthy. They have good experience. They have leadership qualities. They have good judgment. They are mature and all the other things one can list. There are some who do not believe that. So that was our number one goal, and I have tried to make those points. I think now, with all the press that we are getting, I think people will begin to realize that out in the private sector.

And second, we help in very tangible ways to help the men and women and spouses, by various means, in job searches.

My only pitch on this as far as the company is concerned, sir, is that we are involved in three things. One, the job fairs that you have heard about that the Non-Commissioned Officers Association has been having for 15 years or so, and the job fairs the Department of Labor is conducting now. My company was chosen to conduct and market and manage those job fairs. NCOA as won the C flag from the President for 4 years for the counseling and job fair assistance that it is doing to help exiting military men and women. So it is not something new.

I think it is very commendable the way the Department and this committee have come together, circled the wagons, recognized that there is a problem and have begun doing something about it.

I would like to make three points. Number one, I think counseling is good. I do not know the details of what the Department is doing, but I think that counseling is a good thing, and there probably needs to be a lot of it. But after you are counseled, you really do need, as Sydney Hickey said, you need some hands-on help and the job fair is number one.

If I was going to get out tomorrow morning, I would run, not walk, to the nearest job fair. Jobs are there. They are waiting. And people will get hired. There is not any better place to sit down and eyeball 40 or 50 people in the period of a day. You can write good resumes, but the resumes get you in the door. You sit down in front of a recruiter for 5 minutes or so and it makes a big difference. So job fairs are a good thing and are a kind of adjunct to the counseling program the Defense Department has proposed.

I was at a Miltran job fair in Europe recently, and there were about 2,000 men, 80 percent of them enlisted men and women, and about 25 or 30 companies. The job fair ended at 5 o'clock in the afternoon. There were still 40 people in line at the Department of State table, which was represented there.

The second point is what we call the jobs digest. That is free by the way—job fair is free to the individual and the Government. This jobs digest, and we are doing this in coordination with—also free to the individual and government—the nonprofit associations some of which are represented at this table which do counseling and transition assistance.

But regarding the jobs digest. One fills out a form with your name, military specialty, military occupation speciality (MOS) or Air Force specialty code (AFSC), right now this is done in association with the Air Force Association (AFA), Non-Commissioned Officers Association (NCOA) and the Association of the U.S. Army; it comes to our company, we classify it and send it to a company called the Human Resource Information Network (HRIN). HRIN is an on-line company into which about 5,000 users in the private sector can query in seeking departing military members for specific jobs.

The last point of the three is the most interesting. It is something that I do not believe anyone is doing. I can tell you what we are doing in our company. We are going to tie a specific MOS, AFSC or NEC (Navy enlisted classification) to a job vacancy. We are not going to tie it simply to another civilian occupation. We have a laser scanner which scans about 60 to 80 newspapers every 2 weeks. It can be programmed so that it will pick out the kind of skills that are commensurate with military skills. So if you have a civil engineer or a truck driver, that MOS or that AFSC will translate into a civilian occupation. And then this takes a look at 60 to 80 newspapers and lines up that job vacancy with the particular MOS, AFSC or NEC. We are going to do the same for the Federal job vacancies.

These are the kinds of things—job fairs, and jobs digest—that we are doing with the nonprofit associations heavily involved. Most of these services are free. And the ones that cost something are at a moderate cost.

So my bottom line is: number one, I think what the Department is doing is very commendable. Number two, I think some of the things that the nonprofit associations are doing and the private sector is doing can be attractive adjuncts to DOD programs at little or no cost to the Government and free to the individual. And whatever costs there will be will certainly be manageable.

And last, sir, I think that it is effective. Job fairs are effective. Tying jobs to specialties is effective. So all in all, these are my main points. I thank you, sir.

[The prepared statement of General Chavarrie follows:]

STATEMENT OF

EDGAR A. CHAVARRIE, LT. GEN., USAF (RET)

FORMER DEPUTY ASSISTANT SECRETARY OF DEFENSE
FOR MILITARY MANPOWER AND PERSONNEL POLICY

PRESENTLY CHAIRMAN OF THE BOARD OF MILITRAN INC.

Mr. Chairman, members of the Committee, thank you very much for the invitation to appear before you as a representative of the private sector to discuss a subject which I know is uppermost in the minds of a good many military members and their families -- those who will be retiring and separating after a career, and those who might be leaving involuntarily. From my experience as the DASD for Military Manpower and Personnel Policy a few years back, I know of the dedication of the Chairman and members of this Committee concerning the welfare and morale of military members and their families, not only while they serve, but as they leave their military careers.

Currently I'm Chairman of the Board of a company, Militran Inc. The acronym, Militran, stands for Military-in-Transition. This company has a two goals. First, we alert industry to the advantages of hiring those men and women who have served their Country. Secondly, we assist those same service men and women -- and their spouses -- in their job search.

My experience since joining Militran three years ago, coupled with my experience in the military, has given me a unique perspective on the problems and the prospects of the growing number of military personnel who are likely to be entering the civilian workforce. It is my firm belief that these men and women can be helped significantly with a minimum of resources. This is true because there are programs in existence now in the private sector that are working at little or no cost to the individual job seeker. I also believe that there are things the Armed Forces themselves can do, for practically no investment that will make exiting military personnel more readily employable in the private and public sector. I'll address these later, but first I'd like to focus on some programs that are in place right now in the private sector.

First I'd like to bring to the attention of this Committee the benefits of a program said by some to be "the recruiting tool of the '90's". I refer, of course, to job fairs. They are one of the most cost-effective ways that employers can access job seekers. I do not believe it would be an exaggeration to state that there are probably job fairs being held someplace in the country practically every day of the year. These programs are hosted by a variety of private sector and non-profit associations and, for the most part, to my knowledge, are free to the job seeker. Of particular interest to this Committee is the fact that certain job fairs are hosted specifically and exclusively for military people. In fact, the Non Commissioned Officers Association has been sponsoring such job fair programs for more than 15 years and has received the President's "C" Flag for the past 4 years. In addition, the Veterans' Employment and Training Service of the Department of Labor sponsors six job fairs each year. Of course, these exclusively military job fairs represent only a small percentage of the fairs that can be utilized by separating and retiring military personnel. I bring your attention to these, however, because I have personal knowledge of them. My company, Militran Inc., has been chosen by both the Veterans' Employment and Training Service of the Department of Labor and the NCOA to manage and market their job fair programs. Based on that experience, I can tell you, unequivocally, that job fairs get people hired.

Among the other services that are provided without charge are various job search assistance programs offered by the non-profit associations interested in military personnel such as the Non Commissioned Officers Association, the Air Force Association, the Association of the United States Army, The Retired Officers Association, the National Association of Uniformed Services, and the Air Force Sergeants Association. All these organizations offer to their membership and in some cases, non-members, various forms of career counseling, resume preparation, and other transition services. Again, from personal knowledge, I know that TROA has been providing a data base service for its membership that can be accessed by companies at no charge to either for a number of years. The NCOA, in addition to its job fair program, has also been offering a data base service for many years to members and non-members alike. As stated above, other associations have recently begun to offer similar services. The one service that I can describe based on my personal knowledge is the Resume Registry Service which is offered in a cooperative effort between the NCOA, the Air Force Association, the Association of the United States Army and my company -- Militran. These non profit associations gather data in a questionnaire known as a "Mini Resume" which collects information of interest to employers regarding the work experience and skills of separating and retiring military personnel. The forms are available to members, non-members and spouses on or near most military installations. The information collected is passed along to Militran, who then classifies this data and makes it available to more than 800 of the Fortune 1000 companies through its affiliation with the Human Resource Information Network. This on-line service can be accessed by more than 5,000 human resource professionals in search of employees. It is the belief of my company that this service will continue to grow and become even more effective commensurate with our ability to increase the flow of information.

Our experience in the private sector is that very effective programs can be developed and can be offered at reasonable rates, in situations where they cannot be structured so as to be "free" to job seekers. One such program which illustrates this point is presently also being developed by Militran. We refer to it as the Guide to Career Opportunities. I would point out that virtually all outplacement counseling recommends, as a starting point for a job search, that one review the so called "want ads" or "classified ads" for employment. However, as effective as this may be in the private sector as a "free" means of identifying job opportunities, it cannot be as effectively utilized by the military community since a great number of job seekers are at a point that is remote from the location of their preferred job site. This is a fact of life since military people are stationed worldwide and on ships at sea. Militran believes it can solve the problem and make this very fundamental service available by gathering data from newspapers in the nation's major markets and presenting these real live jobs either on-line or in print. We expect to be able to make available more than 10,000 jobs in the private sector and the Federal government, which can be cross-linked to a military person's occupational skill code or experience. We sincerely believe that this Guide will make available a service that is essential to any job search at a very moderate cost. In effect, a job specialty can be linked to a job vacancy both in the private sector and in Federal agencies.

Although many of these free programs exist and are very effective, the military can do a great deal at little or no cost to enhance their effectiveness in actually getting people hired quickly. I believe my principal message for this Committee is to point out that, in a large number of cases, separating and retiring military personnel do not possess the documentation, for lack of a better word, that is customarily available in the private sector and is, therefore, expected by human resource managers. I would like to point out today two very fundamental and basic examples of this type which I refer to as matters of "certification" and "verification". As to "Certification", we have seen many people attend job fairs who would be, by virtue of their training, in a position to be offered a job on the spot. However, they lack the necessary licenses or certifications that the employer requires. This matter of certification and accreditation is something that the armed forces could easily address toward the end of a person's military career, and by making certain that the proper licensing and certifications were accomplished prior to separation a great number of people would be more readily employable. This affects skills ranging from pilots and air frame mechanics to truck drivers and diesel engine mechanics. Each would be able to start work immediately if they had the necessary certifications. The proper certifications would result in savings to the Department of Defense since these people would not be unemployed for that period of time, after separation, required to complete the necessary procedures in order to be certified. Moreover, we believe higher salaries seem to go along with having the proper certifications and licenses. This appears to be to be a very simple matter that could be addressed and one that would make our veterans more quickly employable.

The second matter is that which I refer to as "Verification". I would recommend creating a procedure that would permit verification of someone's training or experience. Despite how well we may assist people in creating "good" resumes when the moment arises where job offers are being made, many human resource managers are frustrated by their inability to verify the specific training or experience that people have had in their military experience. There appears to be no way in which a human resource manager may contact a particular individual's "supervisor" to verify a particular experience in the Service. This works at every level of employment. For example, a situation exists today where the transportation industry is desperately in need of experienced truck drivers and heavy equipment operators. This creates opportunities for many military people without training in the so called "high tech" areas and yet these hiring managers are frustrated because although it can be established that someone's MOS, AFSC, or NEC is that of a heavy equipment operator, they have no way of verifying the candidate has a particular type of experience such as "tractor-trailer experience" or "over the road" experience. These simple issues can mean the difference between a job offer and a strike out. A system can be instituted so that veterans can prove or verify the specific work experience they have had in the military. This is certainly something that the Services could facilitate without the expenditures of large sums of money.

In summary, I believe there are a great many resources in the private sector that will assist separating and retiring military people in finding employment and that many are available at little or no cost. However, in order to really take advantage of these services, the Department of Defense should focus on what it can do to make sure its veterans have the necessary documentation to show hiring managers. One does not have to spend huge sums of money to create these mechanisms. It will make service men and women more readily employable. This is not just the right thing to do. It's also good business.

I thank you for your time and attention.

Senator GLENN. Good, General. I asked General Ono earlier at the hearing about the Army's transition management program. I think you are familiar with that. Do you think the $20 million a year the Army intends to spend on that transition management program is a good investment? Will it be similar to what you are doing?

General CHAVARRIE. Sir, I do not know the details, but it is not similar. I think what it is, is the counseling phase. A counseling phase, and then some of the things I was talking about that the nonprofit associations and Militran are doing and the private sector is doing would be adjunct to that. I cannot comment on the amount of money because I am not sure whether is it good, bad; a lot or a little. I just would not like to see something duplicated. But I think with proper coordination with the nonprofit associations and the private sector we can do it without duplicating and perhaps save some money.

Senator GLENN. The Militran program, could it be run on a bigger basis, a much larger scale than you are running it now?

General CHAVARRIE. Yes, sir. It is about 4 years old, and I can tell you there is a gentleman that has put up most of the venture money. He was a GI after World War II, and he has done very well. He is one who believes he ought to give something back to his country. He is an entrepreneur and is not likely to throw his money away, as nobody does in the private sector. But he does want to do something. Militran is the result.

So the answer is yes, sir. That jobs digest, for example, all you have to do is fill out two sides of a piece of paper and away you go on a job search.

Senator GLENN. One of the concerns in any transition program like this is how much experience the people who develop the program actually have in the practical matter of actually putting people into jobs. That is what you try and match up I gather, is that right?

General CHAVARRIE. Yes, sir. That is right. And I just cannot keep saying it often enough that what the nonprofit associations represented here are doing and what we have been doing are very, very helpful.

Senator GLENN. Did you want to comment on that, Sergeant Major McKinney? Your organization is sponsoring Militran, is that right? Subscribing to that service?

Sergeant MCKINNEY. Well, yes, sir. We are connected now with General Chavarrie's group. But in 1973 when President Nixon decided that there was no need for further job fairs, my association took them over and started scheduling job fairs across the country.

We at the current time program, about two a month? Two large job fairs a month. We have a group of experienced recruiters that come in from the various commercial organizations, up to as high as 125.

We are going to have one this Friday at the Sheraton National in Arlington, which, if the Senator has time, or one of his staff people, I might ask you to come over and take a look at it.

But our people are experienced in it. We have been doing it now for 16 years, and it is a very successful program and no one has to pay a cent to come in and take advantage of it.

Senator GLENN. You would like me to come over and get another job over there? [Laughter.]

Sergeant MCKINNEY. We had a three-star general that came in to check us out and ended up with Ohio Nuclear at a six-figure job.

Senator GLENN. I will see you Thursday, or whenever it was. [Laughter.]

Colonel Arcari, on S. 2663, do you see anything in that that is not needed? Or what additions—either way, plus or minus—would you suggest in that legislation to make it effective, keeping in mind we have to keep the budget figures in mind or we are not going to accomplish anything.

Colonel ARCARI. I think as Senator McCain said, sir, there is always room for some give, some compromise. If we were really looking with a microscope at some of the costs, I might look at the unemployment compensation package and limit that to the involuntary separatees who do not receive separation pay. We have a concept we have been working on that would help address those costs, and I welcome the opportunity to provide it for the record. If I may take 30 seconds I can basically describe it to you.

Senator GLENN. Fine. Go ahead.

Colonel ARCARI. Under current law the Department of Defense provides $1,200 per year in an annual wage credit for Social Security recipients for future military people because their allowances are not subject to Federal income tax—or Social Security wage base, I am sorry, to FICA. What this means is that DOD is spending $470 million per year for these gratuitous Social Security wage credits, which virtually provide no benefit to future Social Security annuitants.

The delta based on the study that was done shows that with the wage credits, the difference in the Social Security annuity ranges from about zero for a 4-year separatee to about $7.00 per month for a 30-year careerist who never pursues a job in the civilian job market once he retires after 30 years. So, you are talking about paying $471 million per year to provide future Social Security benefits ranging from $3.00 to $7.00 per month. I could provide a study on that that would help you at least focus on it.

Senator GLENN. If you could submit that to us, we would appreciate having that information.

[The information follows:]

THE MILITARY COALITION

SOCIAL SECURITY WAGE CREDITS: A DEFENSE LIABILITY

In FY 1991 and subsequent years, the Department of Defense will spend approximately $471M to fund a benefits program that does not contribute one iota to readiness, retention or recruiting and has a negligible impact on future benefits. The culprit is the noncontributory Social Security wage credits for members of the military services. Given the prognosis of austere defense budgets in the next decade, the obsolete entitlement to gratuitous wage credits should be repealed and the funds used for higher priority defense programs to enhance recruiting, retention and readiness.

Estimated Savings ($Millions)*

FY 1991	FY 1992	FY 1993	FY 1994	FY 1995
$480	$470	$473	$474	$475

* Based on President's FY '91 Budget. Actual savings will depend on end strength decisions.

BACKGROUND

Uniformed services personnel were brought under Social Security coverage by the Servicemen's and Veterans Survivor Benefits Act, effective January 1, 1957. However, the Act provided that only the basic pay of service personnel would be subject to F.I.C.A. taxes. Special and incentive pays, bonuses, cash allowances, and quarters and subsistence in kind are not subject to F.I.C.A. taxes. The Act included a new noncontributory wage credit of up to $1,200 per year, subject to the annual ceiling on F.I.C.A. earnings. The rationale for this credit was that pay subject to F.I.C.A. (basic pay only) constitutes a smaller portion to total compensation for military personnel than for civilians. Military personnel were provided these gratuitous credits because at the time, it was predicted they would be disadvantaged for Social Security purposes compared to civilian employees.

Over time, particularly because of the substantial basic pay increases associated with transition to the all volunteer force, the need for these credits is virtually eliminated. The purpose of this paper is to estimate the effects of eliminating the wage credit on the Social Security benefits of individuals under various assumptions about the length of military service and lifetime earnings histories.

ILLUSTRATIVE EXAMPLES

Four different lifetime earnings streams were constructed representing different combinations of military and civilian employment, and the Social Security benefits associated with each stream were estimated both with and without the noncontributory wage credits. The methodology, assumptions, and detailed estimates are presented in the appendix.

- Table 1 presents the data used in constructing the earnings streams and Tables 2 through 5 present the earnings streams and Social Security benefits associated with different employment histories.

- Four year enlistment: Table 2 shows the earnings and benefits for an individual who serves a four year enlistment in the military and then works for 39 years in the civilian sector. **His Social Security benefit at age 65 is the same with or without the wage credit.** This is because his earnings during the four years of service are not among the highest 35 years of earnings used in the computation of the benefit. Even if this individual had four years without any earning (e.g., as a college student following military service), the noncontributory credit would be of no benefit to him because his lowest eight years of earnings would be excluded from the benefit calculation.

- 20 Year enlisted career: Table 3 shows the earnings and benefits of an individual with a 20 year enlisted career followed by 23 years of civilian employment. His monthly benefit at age 65 (in the year 2036) would be **$973 without the wage credit and $976 with it**, in 1990 dollars. Only 12 of his 20 years of military service are included among the highest 35 years of earnings used in the benefit calculation.

- 30 years enlisted career: Table 4 presents the calculations for an individual with 30 years of enlisted service, followed by 13 years of civilian employment. His monthly benefit at age 65 is **$966 without the credit and $969 with** it, again in 1990 dollars. Only 22 of his 30 years of military service are included in the benefit calculation.

- Worst case scenario: Table 5 presents a "worst case" that assumes 30 years of military service and no civilian earnings. All of his military earnings enter into the benefit calculation, however, his **monthly benefit of $647 with the wage credits is only $7 higher** than it would be without them.

CONCLUSION

Elimination of the wage credit is unlikely to result in any reduction of Social Security benefits for most individuals who enter military service because the earnings associated with one or even two enlistments are unlikely to be among the highest 35 years of earnings used in the benefit calculation. This is because the $1,200 credit entered into the annual earnings stream is a constant amount, unlike earnings, which generally increase each year, although it is indexed when the benefit calculation is made in the same way as earnings. Therefore, because it provides negligible benefits for individuals and does not contribute to recruiting, retention or readiness, the gratuitous wage credit should be repealed.

Paul W. Arcari

Paul W. Arcari
Colonel, USAF (Ret)
Co-chairman

C.A. (Mack) McKinney
Sgt.Maj., USMC (Ret)
Co-chairman

Enclosures:
1. Appendix
2. Coalition List

Enclosure 1

APPENDIX

METHODOLOGY, ASSUMPTIONS AND TABLES

The economic assumptions concerning growth in earnings and the Consumer Price Index (CPI-W) after 1990 are those adopted by the DoD Retirement Board of Actuaries, as set for the in Valuation of the Military Retirement System, September 30, 1988, p. D-2. All earnings, military and civilian, are assumed to increase by 5.75% annually, and this rate is used in calculating the Social Security indexing factor and to increase the "bend points" in the benefit formula. The CPI is assumed to increase by 5% annually.

Table 1 shows the earnings data used in constructing the income streams for the employment histories examined. Military pay is the average basic pay for enlisted personnel by age and years of service reported by the DoD Actuary (p. C-4) for FY 1988, increased by the 4.1% raise effective January 1, 1989 and the 3.6% raise effective January 1, 1990, and by 5.75% annually thereafter. Only basic pay is used for military earnings because only basic pay is included in Social Security earnings. The civilian earnings data used are those for male high school graduates for each age shown as reported in the March 1988 Current Population Survey. These reported earnings are increased by 5% for 1988 and 1989, based upon estimates by the Social Security Administration, and by 5.75% annually thereafter.

Tables 2 through 5 show the earnings streams for the four employment histories examined, which are constructed from the military and civilian earnings streams shown in Table 1. In each case, it is assumed that the military member can earn the average amount received by male high school graduates immediately upon leaving service. Tables 2 through 4 show very large apparent increases in earnings during the first year of civilian employment. For example, Table 3 shows earnings of $67,015 in the year 2009, the last year of a 20-year military career, and $92,030 during the first year of civilian employment, an apparent increase of 37%. However, the military earnings data are basic pay only; if the Regular Military Compensation of an E-7 in 1990 is increased by 5.75% annually for 19 years, then the individuals's military compensation would be $92,598 in his last year of service.

It may be argued that it is unrealistic to assume that a military member can immediately earn as much as the average male high school graduate, particularly for those with longer military careers. Alternative income streams could be constructed under which the former military member's civilian earnings are below those of the average civilian for the first several years or even throughout the remainder of the working life of military careerists. However, it is clear from Table 5, which shows earnings of an individual with 30 years of military service and no civilian employment, that the difference in the Social Security benefit with and without noncontributory wage credits will be slight.

In Tables 2 through 5, the individuals' lifetime earnings with and without the wage credit are indexed up to age 60 in the year 2031. The index factor shown in the tables was constructed assuming 5.75% annual growth in wages reported to the Social Security Administration. Table 1 shows the ceiling on earnings subject to Social Security using the same growth assumption, and the ceiling never results in a wage credit lower than the maximum $1,200. The last two columns of Tables 2 through 5 show the highest 35 years of indexed earnings to be used in the calculation of the Social Security benefit.

At the bottom of each of these four tables, the average indexed monthly earnings are calculated, as are Social Security benefits in both 2036 dollars and 1990 dollars. The "bend points" in the 1990 benefit formula are indexed by 5.75% annually to age 60 in year 2031, resulting in the following benefit formula: 90% of the first $3,523 of AIME, plus 32% of AIME between $3,523 and $21,229, plus 15% of AIME over $21,229. This formula is then applied at age 62 to calculate the benefit at age 62, which is increased by the 5% annual CPI increases to age 65, and then the actuarial reduction of 12.8% is applied to get the individual's Social Security benefit at age 65. The actuarial reduction is applied because by the year 2036 an individual will have to be 67 years old to receive an unreduced benefit. The benefits thus calculated are then discounted back to 1990 by the 5% assumed annual inflation rate to estimate the benefit in 1990 dollars.

TABLE 1

DATA FOR CONSTRUCTING EARNINGS STREAMS

(1) YEAR	(2) AGE	(3) MONTHLY BASIC PAY 1988	(4) MONTHLY BASIC PAY 1990	(4') DISCRETE VALUES	(5) ANNUAL BASIC PAY 1990	(5') DISCRETE VALUES	(6) BASIC PAY 5.75% ANNUAL GROWTH	(7) ANNUAL WAGE GROWTH	(8) COL (7) COMP	(8') DISCRETE VALUES	(9) CIVILIAN PAY 1990	(10) CIV PAY 5.75% ANNUAL GROWTH	(11) SOC SEC INDEX FACTOR	(12) SOC SEC WAGE CEILING
1990	19	714	770	770	9240	9240	9240	1.0575	1	1	13447	13447	9.896814	51300
1991	20	811	875	875	10496	10496	11099	1.0575	1.0575	1.0575	13596	14378	9.358690	54300
1992	21	885	954	954	11453	11453	12808	1.0575	1.118306	1.118306	14855	16612	8.849825	57300
1993	22	987	1064	1064	12773	12773	15106	1.0575	1.182608	1.182608	16058	18990	8.368629	60600
1994	23	1054	1137	1137	13641	13641	17059	1.0575	1.250608	1.250608	18051	22575	7.913597	64200
1995	24	1097	1183	1183	14197	14197	18776	1.0575	1.322518	1.322518	18852	24932	7.483307	67800
1996	25	1150	1240	1240	14883	14883	20815	1.0575	1.398563	1.398563	21404	29935	7.076413	71700
1997	26	1186	1279	1279	15349	15349	22701	1.0575	1.478981	1.478981	22107	32696	6.691643	75900
1998	27	1240	1337	1337	16048	16048	25099	1.0575	1.564022	1.564022	23864	37324	6.327795	80400
1999	28	1278	1378	1378	16540	16540	27356	1.0575	1.653953	1.653953	23802	39367	5.983731	84900
2000	29	1341	1446	1446	17355	17355	30355	1.0575	1.749056	1.749056	25254	44171	5.658374	89700
2001	30	1379	1487	1487	17847	17847	33010	1.0575	1.849626	1.849626	25374	46932	5.350708	94800
2002	31	1454	1568	1568	18817	18817	36806	1.0575	1.955980	1.955980	26317	51476	5.059772	100200
2003	32	1493	1610	1610	19322	19322	39967	1.0575	2.068449	2.068449	27019	55887	4.784654	105900
2004	33	1554	1676	1676	20111	20111	43991	1.0575	2.187385	2.187385	27561	60287	4.524495	111900
2005	34	1589	1714	1714	20564	20564	47569	1.0575	2.313159	2.313159	27232	62992	4.278483	118200
2006	35	1664	1795	1795	21535	21535	52678	1.0575	2.446166	2.446166	27388	66996	4.045846	125100
2007	36	1686	1818	1818	21820	21820	56444	1.0575	2.586821	2.586821	28988	74987	3.825860	132300
2008	37	1764	1902	1902	22829	22829	62451	1.0575	2.735563	2.735563	29036	79430	3.617834	139800
2009	38	1790	1930	1930	23166	23166	67015	1.0575	2.892858	2.892858	29159	84353	3.421120	147900
2010	39	1874	2021	2021	24253	24253	74194	1.0575	3.059197	3.059197	30083	92030	3.235101	156300
2011	40	1946	2099	2099	25185	25185	81475	1.0575	3.235101	3.235101	31581	102168	3.059198	165300
2012	41	2097	2262	2262	27139	27139	92845	1.0575	3.421119	3.421119	30111	103013	2.892858	174900

TABLE 1 (CONTINUED)

DATA FOR CONSTRUCTING EARNINGS STREAMS

2013	42	2145	2313	2313	27760	27760	100431	1.0575	3.617834	3.617834	31368	113484	2.735563	185100
2014	43	2200	2373	2373	28472	28472	108929	1.0575	3.825859	3.825859	31863	121903	2.586821	195600
2015	44	2259	2436	2436	29235	29235	118282	1.0575	4.045846	4.045846	31287	126582	2.446167	207000
2016	45	2557	2758	2758	33092	33092	141583	1.0575	4.278482	4.278482	32196	137750	2.313160	219000
2017	46	2595	2799	2799	33584	33584	151949	1.0575	4.524495	4.524495	34011	153883	2.187385	231600
2018	47	2626	2832	2832	33985	33985	162606	1.0575	4.784653	4.784653	32896	157396	2.068449	244800
2019	48	2635	2842	2842	34101	34101	172545	1.0575	5.059771	5.059771	31495	159358	1.955980	258900
2020	49							1.0575	5.350708	5.350708	33417	178805	1.849627	273900
2021	50							1.0575	5.658374	5.658374	32707	185068	1.749056	289800
2022	51							1.0575	5.983730	5.983730	31713	189762	1.653954	306600
2023	52							1.0575	6.327795	6.327795	33642	212880	1.564023	324300
2024	53							1.0575	6.691643	6.691643	31589	211382	1.478981	342900
2025	54							1.0575	7.076412	7.076412	31953	226113	1.398564	362700
2026	55							1.0575	7.483306	7.483306	31881	238575	1.322519	383700
2027	56							1.0575	7.913596	7.913596	32124	254216	1.250609	405900
2028	57							1.0575	8.368628	8.368628	31914	267076	1.182609	429300
2029	58							1.0575	8.849824	8.849824	33396	295549	1.118306	453900
2030	59							1.0575	9.358689	9.358689	36160	338410	1.057500	480600
2031	60							1.0575	9.896814	9.896814	29560	292550	1.000000	507600
2032	61							1.0575	10.46588	10.46588	29634	310146	1.000000	536700
2033	62							1.0575	11.06766	11.06766				
2034	63							1.0575	11.70406	11.70406				
2035	64							1.0575	12.37704	12.37704				
2036	65							1.0575	13.08872	13.08872				

Sources: Average basic pay by age and years of active service from Valuation of the Military Retirement System, Office of the Actuary, DOD, Sept. 30, 1988, p. C-4. Civilian earnings are for male high school graduates from the Current Population Survey, March 1988, Bureau of the Census.

TABLE 2

LIFETIME EARNINGS - 4 YEARS MILITARY, 39 YEARS CIVILIAN

(1) YEAR	(2) AGE	(3) LIFETIME EARNINGS W/O WAGE CREDIT	(4) LIFETIME EARNINGS WITH WAGE CREDIT	(5) SOC SEC INDEX FACTOR	(6) COL (3) INDEXED	(7) COL (4) INDEXED	(8) HIGH 35 W/O WAGE CREDIT	(9) HIGH 35 WITH WAGE CREDIT
1990	19	9240	10440	9.896814	91450	103323		
1991	20	11099	12299	9.358690	103874	115103		
1992	21	12808	14008	8.849825	113352	123968		
1993	22	15106	16306	8.368629	126417	136459		
1994	23	22575	22575	7.913597	178647	178647		
1995	24	24932	24932	7.483307	186575	186575		
1996	25	29935	29935	7.076413	211831	211831		
1997	26	32696	32696	6.691643	218789	218789		
1998	27	37324	37324	6.327795	236178	236178	235564	235564
1999	28	39367	39367	5.983731	235564	235564	236178	236178
2000	29	44171	44171	5.658374	249934	249934	249934	249934
2001	30	46932	46932	5.350708	251122	251122	251122	251122
2002	31	51476	51476	5.059772	260454	260454	260454	260454
2003	32	55887	55887	4.784654	267402	267402	267402	267402
2004	33	60287	60287	4.524495	272766	272766	269510	269510
2005	34	62992	62992	4.278483	269510	269510	271054	271054
2006	35	66996	66996	4.045846	271054	271054	272766	272766
2007	36	74987	74987	3.825860	286889	286889	286889	286889
2008	37	79430	79430	3.617834	287364	287364	287364	287364
2009	38	84353	84353	3.421120	288581	288581	288581	288581
2010	39	92030	92030	3.235101	297726	297726	292550	292550
2011	40	102168	102168	3.059198	312551	312551	297726	297726
2012	41	103013	103013	2.892858	298003	298003	298003	298003
2013	42	113484	113484	2.735563	310443	310443	309642	309642
2014	43	121903	121903	2.586821	315342	315342	310146	310146
2015	44	126582	126582	2.446167	309642	309642	310443	310443
2016	45	137750	137750	2.313160	318638	318638	311700	311700
2017	46	153883	153883	2.187385	336601	336601	312551	312551
2018	47	157396	157396	2.068449	325566	325566	312630	312630
2019	48	159358	159358	1.955980	311700	311700	313858	313858
2020	49	178805	178805	1.849627	330722	330722	315342	315342
2021	50	185068	185068	1.749056	323695	323695	315520	315520
2022	51	189762	189762	1.653954	313858	313858	315847	315847
2023	52	212880	212880	1.564023	332949	332949	316233	316233
2024	53	211382	211382	1.478981	312630	312630	317925	317925
2025	54	226113	226113	1.398564	316233	316233	318638	318638
2026	55	238575	238575	1.322519	315520	315520	323695	323695

TABLE 2 (CONTINUED)

LIFETIME EARNINGS - 4 YEARS MILITARY, 39 YEARS CIVILIAN

2027	56	254216	254216	1.250609	317925	317925	325566	325566
2028	57	267076	267076	1.182609	315847	315847	330514	330514
2029	58	295549	295549	1.118306	330514	330514	330722	330722
2030	59	338410	338410	1.057500	357869	357869	332949	332949
2031	60	292550	292550	1.000000	292550	292550	336601	336601
2032	61	310146	310146	1.000000	310146	310146	357869	357869
				TOTAL HIGH 35 EARNINGS			10483487	10483487
				AIME			24961	24961
				MONTHLY BENEFIT IN 2036 $			9485	9485
				MONTHLY BENEFIT IN 1990 $			1005	1005

TABLE 3

LIFETIME EARNINGS - 20 YEARS MILITARY, 23 YEARS CIVILIAN

(1) YEAR	(2) AGE	(3) LIFETIME EARNINGS W/O WAGE CREDIT	(4) LIFETIME EARNINGS WITH WAGE CREDIT	(5) SOC SEC INDEX FACTOR	(6) COL (3) INDEXED	(7) COL (4) INDEXED	(8) HIGH 35 W/O WAGE CREDIT	(9) HIGH 35 WITH WAGE CREDIT
1990	19	9240	10440	9.896814	91450	103327		
1991	20	11099	12299	9.358690	103874	115105		
1992	21	12808	14008	8.849825	113352	123972		
1993	22	15106	16306	8.368629	126417	136459		
1994	23	17059	18259	7.913597	134998	144494		
1995	24	18776	19976	7.483307	140506	149486		
1996	25	20815	22015	7.076413	147294	155786		
1997	26	22701	23901	6.691643	151905	159935		
1998	27	25099	26299	6.327795	158821	166415	158821	166415
1999	28	27356	28556	5.983731	163688	170869	163688	170869
2000	29	30355	31555	5.658374	171758	178548	171758	178548
2001	30	33010	34210	5.350708	176625	183046	176625	183046
2002	31	36806	38006	5.059772	186231	192303	186231	192303
2003	32	39967	41167	4.784654	191226	196968	191226	196968

TABLE 3 (CONTINUED)

LIFETIME EARNINGS - 20 YEARS MILITARY, 23 YEARS CIVILIAN

2004	33	43991	45191	4.524495	199039	204468	199039	204468
2005	34	47569	48769	4.278483	203522	208656	203522	208656
2006	35	52678	53878	4.045846	213128	217983	213128	217983
2007	36	56444	57644	3.825860	215946	220537	215946	220537
2008	37	62451	63651	3.617834	225936	230278	225936	230278
2009	38	67015	68215	3.421120	229266	233372	229266	233372
2010	39	92030	92030	3.235101	297726	297726	292550	292550
2011	40	102168	102168	3.059198	312551	312551	297726	297726
2012	41	103013	103013	2.892858	298003	298003	298003	298003
2013	42	113484	113484	2.735563	310443	310443	309642	309642
2014	43	121903	121903	2.586821	315342	315342	310146	310146
2015	44	126582	126582	2.446167	309642	309642	310443	310443
2016	45	137750	137750	2.313160	318638	318638	311700	311700
2017	46	153883	153883	2.187385	336601	336601	312551	312551
2018	47	157396	157396	2.068449	325566	325566	312630	312630
2019	48	159358	159358	1.955980	311700	311700	313858	313858
2020	49	178805	178805	1.849627	330722	330722	315342	315342
2021	50	185068	185068	1.749056	323695	323695	315520	315520
2022	51	189762	189762	1.653954	313858	313858	315847	315847
2023	52	212880	212880	1.564023	332949	332949	316233	316233
2024	53	211382	211382	1.478981	312630	312630	317925	317925
2025	54	226113	226113	1.398564	316233	316233	318638	318638
2026	55	238575	238575	1.322519	315520	315520	323695	323695
2027	56	254216	254216	1.250609	317925	317925	325566	325566
2028	57	267076	267076	1.182609	315847	315847	330514	330514
2029	58	295549	295549	1.118306	330514	330514	330722	330722
2030	59	338410	338410	1.057500	357869	357869	332949	332949
2031	60	292550	292550	1.000000	292550	292550	336601	336601
2032	61	310146	310146	1.000000	310146	310146	357869	357869

TOTAL HIGH 35 EARNINGS	9641854.	9710109.
AIME	22957	23119
MONTHLY BENEFIT IN 2036 $	9182	9206
MONTHLY BENEFIT IN 1990 $	973	976

TABLE 4

LIFETIME EARNINGS - 30 YEARS MILITARY, 13 YEARS CIVILIAN

(1) YEAR	(2) AGE	(3) LIFETIME EARNINGS W/O WAGE CREDIT	(4) LIFETIME EARNINGS WITH WAGE CREDIT	(5) SOC SEC INDEX FACTOR	(6) COL (3) INDEXED	(7) COL (4) INDEXED	(8) HIGH 35 W/O WAGE CREDIT	(9) HIGH 35 WITH WAGE CREDIT
1990	19	9240	10440	9.896814	91450	103327		
1991	20	11099	12299	9.358690	103874	115105		
1992	21	12808	14008	8.849825	113352	123972		
1993	22	15106	16306	8.368629	126417	136459		
1994	23	17059	18259	7.913597	134998	144494		
1995	24	18776	19976	7.483307	140506	149486		
1996	25	20815	22015	7.076413	147294	155786		
1997	26	22701	23901	6.691643	151905	159935		
1998	27	25099	26299	6.327795	158821	166415	158821	166415
1999	28	27356	28556	5.983731	163688	170869	163688	170869
2000	29	30355	31555	5.658374	171758	178548	171758	178548
2001	30	33010	34210	5.350708	176625	183046	176625	183046
2002	31	36806	38006	5.059772	186231	192303	186231	192303
2003	32	39967	41167	4.784654	191226	196968	191226	196968
2004	33	43991	45191	4.524495	199039	204468	199039	204468
2005	34	47569	48769	4.278483	203522	208656	203522	208656
2006	35	52678	53878	4.045846	213128	217983	213128	217983
2007	36	56444	57644	3.825860	215946	220537	215946	220537
2008	37	62451	63651	3.617834	225936	230278	225936	230278
2009	38	67015	68215	3.421120	229266	233372	229266	233372
2010	39	74194	75394	3.235101	240025	243907	240025	243907
2011	40	81475	82675	3.059198	249247	252918	249247	252918
2012	41	92845	94045	2.892858	268587	272059	268587	272059
2013	42	100431	101631	2.735563	274735	278018	274735	278018
2014	43	108929	110129	2.586821	281780	284884	281780	284884
2015	44	118282	119482	2.446167	289337	292272	289337	292272
2016	45	141583	142783	2.313160	327505	330281	292550	292550
2017	46	151949	153149	2.187385	332372	334997	310146	310146
2018	47	162606	163806	2.068449	336343	338825	312630	312630
2019	48	172545	173745	1.955980	337495	339843	313858	313858
2020	49	178805	178805	1.849627	330722	330722	315520	315520
2021	50	185068	185068	1.749056	323695	323695	315847	315847
2022	51	189762	189762	1.653954	313858	313858	316233	316233
2023	52	212880	212880	1.564023	332949	332949	317925	317925
2024	53	211382	211382	1.478981	312630	312630	323695	323695
2025	54	226113	226113	1.398564	316233	316233	327505	330281
2026	55	238575	238575	1.322519	315520	315520	330514	330514

TABLE 4 (CONTINUED)

LIFETIME EARNINGS - 30 YEARS MILITARY, 13 YEARS CIVILIAN

2027	56	254216	254216	1.250609	317925	317925	330722	330722
2028	57	267076	267076	1.182609	315847	315847	332372	332949
2029	58	295549	295549	1.118306	330514	330514	332949	334997
2030	59	338410	338410	1.057500	357869	357869	336343	338825
2031	60	292550	292550	1.000000	292550	292550	337495	339843
2032	61	310146	310146	1.000000	310146	310146	357869	357869
				TOTAL HIGH 35 EARNINGS			9443070	9541901
				AIME			22483	22719
				MONTHLY BENEFIT IN 2036 $			9110	9146
				MONTHLY BENEFIT IN 1990 $			966	969

TABLE 5

LIFETIME EARNINGS - 30 YEARS MILITARY, 0 CIVILIAN

(1) YEAR	(2) AGE	(3) LIFETIME EARNINGS W/O WAGE CREDIT	(4) LIFETIME EARNINGS WITH WAGE CREDIT	(5) SOC SEC INDEX FACTOR	(6) COL (3) INDEXED	(7) COL (4) INDEXED	(8) HIGH 35 W/O WAGE CREDIT	(9) HIGH 35 WITH WAGE CREDIT
1990	19	9240	10440	9.896814	91450	103327		
1991	20	11099	12299	9.358690	103874	115105		
1992	21	12808	14008	8.849825	113352	123972		
1993	22	15106	16306	8.368629	126417	136459		
1994	23	17059	18259	7.913597	134998	144494		
1995	24	18776	19976	7.483307	140506	149486		
1996	25	20815	22015	7.076413	147294	155786		
1997	26	22701	23901	6.691643	151905	159935		
1998	27	25099	26299	6.327795	158821	166415	158821	166415
1999	28	27356	28556	5.983731	163688	170869	163688	170869
2000	29	30355	31555	5.658374	171758	178548	171758	178548
2001	30	33010	34210	5.350708	176625	183046	176625	183046
2002	31	36806	38006	5.059772	186231	192303	186231	192303
2003	32	39967	41167	4.784654	191226	196968	191226	196968

TABLE 5 (CONTINUED)

LIFETIME EARNINGS - 30 YEARS MILITARY, 0 CIVILIAN

(1) YEAR	(2) AGE	(3) LIFETIME EARNINGS W/O WAGE CREDIT	(4) LIFETIME EARNINGS WITH WAGE CREDIT	(5) SOC SEC INDEX FACTOR	(6) COL (3) INDEXED	(7) COL (4) INDEXED	(8) HIGH 35 W/O WAGE CREDIT	(9) HIGH 35 WITH WAGE CREDIT
2004	33	43991	45191	4.524495	199039	204468	199039	204468
2005	34	47569	48769	4.278483	203522	208656	203522	208656
2006	35	52678	53878	4.045846	213128	217983	213128	217983
2007	36	56444	57644	3.825860	215946	220537	215946	220537
2008	37	62451	63651	3.617834	225936	230278	225936	230278
2009	38	67015	68215	3.421120	229266	233372	229266	233372
2010	39	74194	75394	3.235101	240025	243907	240025	243907
2011	40	81475	82675	3.059198	249247	252918	249247	252918
2012	41	92845	94045	2.892858	268587	272059	268587	272059
2013	42	100431	101631	2.735563	274735	278018	274735	278018
2014	43	108929	110129	2.586821	281780	284884	281780	284884
2015	44	118282	119482	2.446167	289337	292272	289337	292272
2016	45	141583	142783	2.313160	327505	330281	292550	292550
2017	46	151949	153149	2.187385	332372	334997	310146	310146
2018	47	162606	163806	2.068449	336343	338825	312630	312630
2019	48	172545	173745	1.955980	337495	339843	313858	313858
				TOTAL HIGH 35 EARNINGS			5168081	5256682
				AIME			12305	12516
				MONTHLY BENEFIT IN 2036 $			6037	6106
				MONTHLY BENEFIT IN 1990 $			640	647

Enclosure 2

THE MILITARY COALITION

AIR FORCE ASSOCIATION 1501 Lee Highway Arlington, VA 22209-1198	Angela McNamara	703/247-5811 FAX #247-5855
AIR FORCE SERGEANTS ASSN. 5211 Auth Road Suitland, Md 20746	Norman Parnes	301/899-3500 FAX #899-8136
ASSN. OF MILITARY SURGEONS of the United States 9320 Old Georgetown Rd Bethesda, Md 20814	Max B.Bralliar	301/897-8800 FAX #530-5446
ASSN. OF U.S. ARMY 2425 Wilson Blvd. Arlington, VA 22201	Erik Johnson	703/841-4300 FAX #525-9039
COMMISSIONED OFFICERS ASSN. of the Public Health Svc, Inc. 1400 Eye St. N.W. #725 Washington, D.C. 20005	William J. Lucca	202/289-6400 FAX #682-0487
FLEET RESERVE ASSOCIATION 1303 New Hampshire Ave. N.W. Washington, D.C. 20036	Norman E. Pearson	202/785-2768 FAX #429-0516
MARINE CORPS LEAGUE P.O. Box 3070 Merrifield, VA 22116-3070	Robert Forsyth	703/207-9588 FAX #207-0047
MARINE CORPS RESERVE OFF.ASSN. 201 N. Washington Street #206 Alexandria, VA 22314	Laurence R. Gaboury	703/548-7607 FAX #838-8173
NATIONAL ASSN. FOR UNIFORMED SERVICES 5535 Hempstead Way Springfield, VA 22151-4094	Charles Partridge	703/750-1342 FAX #354-4380
NATIONAL GUARD ASSN. OF THE U.S 1 Massachusetts Avenue, N.W. Washington, D.C. 20001	Chuck Schreiber	202/789-0031 FAX #543-5692
NATIONAL MILITARY FAMILY ASSN. 6000 Stevenson Avenue #304 Alexandria, VA 22304-3526	Sydney Hickey	703/823-6632 FAX# 751-5263
NAVAL RESERVE ASSOCIATION 1619 King Street Alexandria, VA 22314	Philip Smith	703/548-5800 FAX #683-3647
NAVAL ENLISTED RESERVE ASSN. 6704 Farragut Avenue Falls Church, VA 22042	George Lange Floyd Wing	703/534-1329 FAX #534-3617
NAVY LEAGUE OF THE U.S. 2300 Wilson Blvd. Arlington, VA 22201	Pete Huhn Roberta McCorkle	703/528-1775 FAX #528-2333
NON-COMMISSIONED OFFICERS ASSN. 225 N. Washington Street Alexandria, VA 22314	Mack McKinney	703/549-0311 FAX #549-0245

RESERVE OFFICERS ASSN. 1 Constitution Ave. Washington, D.C. 20002	Jud Lively	202/479-2231 FAX #479-0416
THE RETIRED OFFICERS ASSN. 201 N. Washington Street Alexandria, VA 22314	Paul W. Arcari	703/549-2311 FAX #838-8173
THE RETIRED ENLISTED ASSN. 225 N. Washington Street Alexandria, VA 22314	John Adams	703/684-1981 FAX #548-4876
SOCIETY OF MEDICAL CONSULTANTS TO THE ARMED SERVICES 6532 Sunny Hill Court McLean, VA 22101	Dr. Robert C. Laning	703/827-0822
U.S. ARMY WARRANT OFFICERS ASSN. P.O. Box 2040 Reston, VA 22090	Don Hess	703/742-7727 FAX #742-7728
U.S. COAST GUARD CPO ASSN. 5520 Hempstead Way Springfield, VA 22151-4094	Dick Castor	703/941-0395 FAX #941-0397
CWO & WO ASSN., USCG c/o James Creek Marina 200 V Street S.W. Washington, D.C. 20024	Bob Lewis	202/554-7753

Senator GLENN. Ms. Hickey, do you have any suggestions you would like to make on additional things to be put into S. 2663 or some you think that are extraneous and should be taken out?

Mrs. HICKEY. I agree with Colonel Arcari that, if push came to shove, we could limit the unemployment compensation to those who do not receive separation pay. I think we could probably look at the cap that Congressman Slattery was talking about this morning on the separation pay. As far as any additions, not at the present moment. Thank you.

Senator GLENN. I did not ask you two. Mack, what would you say on that? Do you have any proposals on that?

Sergeant MCKINNEY. I think the chairman recalls that some of the top enlisted chiefs were concerned with the fact that separation pay would be paid to those who were "unqualified" for the pay because they were separated under questionable conditions. The law currently allows for people with substandard performance in duty, that is, for officers because they are what the law deals with it, to draw a separation pay up to a limit of $15,000 under those circumstances. I would see absolutely no reason why we could not just eliminate that portion of it, which would be a cost saving factor in itself. Originally DOD had suggested that they take the cap off of that $15,000. And when we talked to Senator McCain about the bill the Coalition was opposed to taking the cap off of that $15,000, and therefore it is not in his particular bill.

So I think there are ways that we can save money in the program but we have to take a look at it strongly and try most importantly to deal with the situation in the best way we can and with a dignified manner to support the troops that have worked with us over the years.

Senator GLENN. Thank you.

General Chavarrie, we will give you the last word. Do you have any suggested changes to the legislation, either in or out?

General **Chavarrie**. No, sir. If I was sitting in another chair I probably would, but thank you very much for the opportunity. I think these issues are in great hands.

Senator **Glenn**. All right. Thank you. We appreciate you all being here. We may have some additional questions to submit to you. We would appreciate an early response so we can include everything in the record when it is written up.

We appreciate your being here this morning. Thank you all very much. You have been very helpful.

[Additional prepared statements for the hearing record follow:]

STATEMENT
BY
NELSON L. FINK
LEGISLATIVE ASSISTANT
MILITARY AND GOVERNMENT RELATIONS
AIR FORCE SERGEANTS ASSOCIATION

Involuntarily Separated Military Personnel Benefits Act of 1990
(S. 2663, May 21, 1990)

Mister Chairman and distinguished members of the subcommittee, thank you for the opportunity to present the views of the Air Force Sergeants Association regarding the Involuntarily Separated Military Personnel Benefits Act.

Today, for the first time in American history, the Cold War, which mandated a huge standing military, is winding down. And, as defense budgets fall and overseas deployments are reassessed, U.S. troop levels are about to plunge -- by at least several hundred thousand.

- The biggest difference between today's reduction and those that followed the Korean war is that, since 1973, when conscription was abolished, this country has had a volunteer military.

- Under the draft, only about a third of the active duty military became careerists; the rest were short-termers. Many senior enlisted personnel who were forced out after Korea and Vietnam wanted to stay on, but the vast bulk were only too happy to return to civilian life.

- Today, the ratios are almost reversed, about 53 percent of all military personnel are on a career track. Many of them, having been actively enticed into the service, must now be shoved out the door. That will do little for the morale of those who remain. A shrinking military means a tougher climb up the career ladder and could lead many to re-examine their desire to stay in for the long haul.

- How many of those serving today must go is still unclear. Military personnel are extremely vulnerable bystanders in the budget battle. The cuts that are necessary cannot be made simply through noncoercive attrition and reduced recruiting. The prospect of reductions in force and involuntary early retirements is already causing morale-bruising unpleasantness as military personnel speculate on what is going to happen to them. Out of necessity, attention will be turned to those who are in the middle or near the end of their military careers.

- The "voluntary early-out" is a mechanism that lets those who are approaching re-enlistment opt for an early departure. After a certain point, however, all of those readily willing to leave will have done so. Weeding out career military people is made more difficult by the high rates of re-enlistment, which averaged 87 percent for the career military last year.

- If the services have to turn to involuntary retirements, it will highlight an inequity in the way that enlisted personnel are treated. An officer that is forcibly separated receives 10 percent of his current basic pay, multiplied by the number of active service years, up to a ceiling of $30,000. Enlisted personnel, including NCOs, are not eligible for "separation pay."

- At this time, an enlisted man could have 19 years, 11 months and 29 days' active service and be separated from the military without any severance pay or retirement benefits. Involuntary separation for enlisted personnel was previously unthought of. We advocate a minimum of seven years' active duty for eligibility for separation pay, giving the services leeway to refuse separation pay to those denied re-enlistment because of bad service records, and removing the $30,000 cap.

- Those who entered our all-volunteer services assumed the great personal risk and hardships entailed in military service, kept America safe and promoted our values. They did so with the understanding that they would be repaid for their faithful service, with the security of careers in the military if they so chose. Now many servicemen and women will be required to abbreviate their military careers and return to civilian life. It is incumbent on the government of the United States to take measures that will compensate these men and women for the loss of their security and to ease the hardships entailed in the transition to other careers. They must not become victims of the peace dividend -- they deserve consideration and respect.

- We are not at war and the economy does not have a shortage of skilled manpower. The cuts in military manpower will coincide with major cuts in the manpower used by the defense industry. This is why you should pass legislation to protect our volunteer military force. We need a transition plan that will provide improved separation pay, unemployment compensation, relocation and out-placement services, priorities in federal hiring, benefits under the G. I. Bill and medical insurance. You need to take urgent action to protect our enlisted men and women in uniform. The current system is not set up to deal with the reality of qualified personnel being forced to leave military service years before they planned to do so, often with limited warning.

- We ask you not to delay in taking action or wait for long studies and all the usual bureaucratic delays. The budget impact of such matters will be offset by preserving the recruiting and retention base, by reducing welfare and other social costs and by paid rises in tax revenue. Creating an effective transition plan would be costly only if one ignores the costs of not having an effective transition plan -- and human and moral values are involved, not just budget dollars.

- The following is a summary of Senate bill S. 2663.

Separation Pay - Would provide separation pay to all military members who are involuntarily but honorably discharged, separated or denied re-enlistment. Individuals must have completed seven years of continuous honorable service. It will also remove the current $30,000 cap so members having served longer periods of active duty will be better compensated for lifetime losses in retired pay.

Unemployment Compensation - Would provide unemployment compensation for the same 26 weeks available to civilians and be available after one week.

Relocation Services - Military members would be authorized permissive temporary duty and leave in order to visit areas where they may wish to relocate. Departing military personnel and their families would also be provided more information about their relocation area.

Out-Placement Services - Would provide job search and job referral services to those released from active duty and who are eligible for severance pay. Spouses of those members involuntarily separated would also be authorized to participate in the outplacement program.

Procedures would be established to expedite the program that would provide names and addresses, of those members and their spouses who voluntarily agree, to outside entities. The bill encourages establishment of a committee to seek private sector cooperation and job placement. Priority placement would be given to involuntarily separated military members in hiring for federal jobs.

Montgomery G. I. Bill Coverage - Would allow those military members who are involuntarily separated to become vested in the Montgomery G.I. Bill educational benefit. Military members would pay the $1,200 required to become vested in the program.

Health Care Benefits - Involuntarily separated personnel and their families would be eligible for CHAMPUS at active duty rates for three months after separation from active duty. Individuals enrolling in the uniformed services insurance program within that three-month period would have continued eligibility for documented, pre-existing conditions.

Involuntarily separated members and family members who are pregnant at the time separation orders are executed would be covered under CHAMPUS at active duty rates. Beneficiaries undergoing care and treatment for an injury, illness or disease, including pregnancy for beneficiaries in their last trimester, at a military facility, as of midnight of the member s date of separation from active duty, will be entitled to receive continuing care and treatment. This care would continue until such a time as the injury, illness or disease, including pregnancy, cannot be materially improved by further hospitalization or treatment, or such time as other insurance becomes effective, or after one year, whichever is first.

Briefing and Counseling - The military would be required to establish these programs to make them available to military members. Included in the briefing would be relocation and out-placement services, information on Reserve and National Guard programs, unemployment compensation, life insurance and health care plans. Family members would be encouraged to attend the briefing.

The time is now to show our military personnel that their sacrifices have not been in vain. We, therefore, respectfully request that you, the distinguished members of the subcommittee, consider the legislative proposal to ease the transition burden from military to civilian life and assure the men and women in the military services that Congress will not ignore them.

This concludes my prepared statement. Thank you, Mister Chairman, for the opportunity to appear before this subcommittee. I am prepared to respond to any questions you or your distinguished colleagues may wish to ask.

[Whereupon, at 12:37 p.m., the hearing was adjourned.]

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